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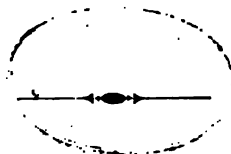
The American Telegraph Company.

REMARKS

OF R. W. RUSSELL, ONE OF THE EXECUTIVE COMMITTEE OF
THE AMERICAN TELEGRAPH COMPANY.

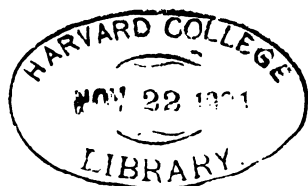
IN REPLY

TO THE STATEMENTS OF MESSRS. ABRAM S. HEWITT, CYRUS W.
FIELD, HENRY J. RAYMOND, AND OTHERS, MADE AT THE
MEETING OF STOCKHOLDERS, ON JUNE 29th 1860.



NEW YORK:
WM. C. BRYANT & CO., PRINTERS, 41 NASSAU STREET, CORNER OF LIBERTY.

1860.



Boston Alfreedom

NEW YORK, 14th July, 1860.

The statements made and the reasoning presented by Messrs. Abram S. Hewitt, Cyrus W. Field, and Wilson G. Hunt at the meeting of the stockholders of the company on the 28th and 29th June last, should not go unanswered. The undersigned, as one of the Executive Committee, would have replied to those statements had not the meeting come to an abrupt termination. He has, therefore, deemed it advisable to write out and publish the following remarks which he intended to offer on that occasion.

R. W. RUSSELL.

MR. PRESIDENT: It is my intention to support the resolution offered by Mr. Cambridge Livingston, that it is inexpedient for the stockholders here assembled to take any action relative to the business for which this meeting has been called, it legitimately belonging to the Board of Directors.

And, sir, I propose to state fully my reasons for this course and to reply somewhat in detail to the various statements which have been made by the speakers on the other side.

As one of the Executive Committee who have been assailed in the most violent manner, I desire the opportunity of repelling the charges brought against them; and, sir, I will prove to this meeting before I sit down that all those charges are unfounded, and that the statements made in the address of the Executive Committee to the stockholders are correct in every essential particular. Moreover, sir, I will prove that no reliance whatever can be placed on the statements of the gentleman who has charged the Executive Committee with falsehood.

Mr. Cyrus W. Field has grossly insulted you, Sir, by twice asserting before this meeting, his firm belief that you had signed

the address of the Executive Committee to the Stockholders without reading it. And yet, in the same breath, he declares that he has a great respect for you.

Address of
the Execu-
tive Commit-
tee.

The Presi-
dent's Signa-
ture.

That address, Sir, contains a full explanation of the position and prospects of the Company, and its policy, and information in detail respecting the topics discussed here to-day. If you had put forth that statement over your signature, without reading it, as Mr. C. W. Field supposes you to have done, you would not be entitled to his respect, nor would you, Sir, be fit to fill the office of President of the Company.

I may state to this meeting, that the address in question was prepared with great care by all the members of the Executive Committee—that the portion prepared by Mr. Alden and myself was sent to the President in Baltimore, and that the printing of the document was deferred until he could come to New York, and confer with us upon the additions and alterations which he proposed to make. The address is printed as finally settled, by the whole of the Executive Committee conferring personally together. And I undertake to say, that no material error can be pointed out in that document, either in the statement of facts, or in its reasoning thereon.

The Motion
to Adjourn.

I was in favor of Mr. Cambridge Livingston's motion to adjourn, because I knew what was the object of Messrs. Hunt, Field and Hewitt in desiring to give publicity to the affairs of the Company.

Several reporters were present, and I knew that the proceedings would not be reported fully and accurately, and moreover, that the affairs of a Company like this, claiming monopolies under patents, ought not to be spread out in the newspapers. The meeting ought not to have been called, and but for an oversight in the by-laws, it could not have been called; for it was impossible to get the owners of one-third of the stock to sign a requisition for the meeting.

The Appeal
from the
Board.

This, sir, is an appeal prosecuted by three of the directors against the decision of the other nine, on the policy to be pursued by this company in respect to that part of the newspaper press business which is controlled by Mr. D. H. Craig.

In the first place, sir, I deny that any appeal lies from the Board to the stockholders. Who are the Appellants.

Who, sir, are the appellants ; and who the respondents on this occasion ? The real appellants are Mr. Cyrus W. Field, Mr. Abram S. Hewitt, and Mr. Wilson G. Hunt. Before the consolidation the two first named gentlemen held a considerable amount of stock in the old American Telegraph Company. But, sir, they sold it all out before the consolidation was effected, and since that they have picked up only a few shares. Mr. Hunt, from the connexion of his nephew, Mr. McKinney, with Mr. Craig, and his own arrangements with that gentleman and his partners, and otherwise, became possessed of a considerable amount of the old American Company's stock in his own right and as executor of Mr. McKinney.

I find, sir, that the stock held by Mr. Peter Cooper and the other parties, who signed the call for this meeting, amounts to 972 shares.

Sir, I have more shares than that standing in my name on the books of the company in my own right and as trustee for others.

Ashamed of this miserable display of weakness, the appellants published in the newspapers a mutilated copy of the call, omitting the statement of the shares set opposite the names of the signers. What right had they to do that ? If they had published a true copy of the document, newspaper editors and others would not have been deceived into the belief that the signers were large owners of stock. Why, sir, for example, I have seen it stated in the newspapers that Messrs. Brown, Brothers & Co., who signed the call, were large stockholders, whilst the fact is that they hold but 12 shares which they got in exchange for stock in the New York and Washington Printing Telegraph Company, which latter stock was given to them by Mr. Morris and myself for the stock of the old New York and Philadelphia House Line which was in reality worthless.

Mr. Hunt has standing in his name, in his own right, and as trustee for others 776 shares. If we add the stock of Messrs. Hunt, Field, and Hewitt, to that of all the other parties who signed the call, we have only a total of 1779 shares, or 177,900

dollars. The parties supporting the Executive Committee are now ready to cast over ten thousand votes, representing over a million of dollars.

Sale of Mr.
Hewitt's and
Mr. Edward
Cooper's
Stock.

Let me say a few words as to Mr. Peter Cooper's position in this matter. Some months before the consolidation was effected Mr. Hewitt, who is Mr. Peter Cooper's son-in-law, complained bitterly about Mr. Peter Cooper's having been induced to invest his money in telegraph enterprises. I had nothing to do with that; on the contrary, he engaged in those enterprises in opposition to my interests. Mr. Hewitt said that he would be glad to sell all the stock held by himself, Mr. Peter Cooper, and Mr. Edward Cooper, that they wanted the money to use in their legitimate business. Mr. Hewitt and Mr. Edward Cooper, a son of Mr. Peter Cooper, were then two of the trustees of the American and House Companies, whose lines were then worked together under a contract for a consolidation.

Mr. Hewitt wanted to sell the whole of Mr. Peter Cooper's stock. I suggested that it would look better if he kept some of it. He had previous to this retired from any active participation in telegraph affairs, and had transferred a large portion of his stock to his son, Edward Cooper, and to his son-in-law, Mr. Hewitt. The whole amount of the stock held by all three of them was then \$30,000. Mr. Morris and myself concluded that we would purchase all that stock except \$5,000 to be kept by Mr. Peter Cooper. The Cooper family have since obtained some more shares, and now own altogether 350 shares of this Company.

When I negotiated the purchase with Mr. Hewitt, he promised me that he and Mr. Edward Cooper would retire whenever requested to do so by me and Mr. Morris. We did not want their stock, but being dissatisfied with their subserviency to Mr. Craig, we wanted to get rid of them. We paid some thousands more than their stock was worth at the time, for that was a critical period in telegraph affairs, and very few people believed that the consolidation which I was endeavoring to effect, including the purchase of the Morse and House patents, and nearly all the outstanding claims of Morse and his assigns for infringements of the Morse patents, would ever be effected.

Mr. Hewitt told me that he knew nothing about telegraph

matters; which appeared to him to be of a very complicated character—that he did not intend to take the trouble to learn, not having interest enough to warrant his doing so, but that he did not mean anything to be done until he understood all about it. I concluded that it was advisable to purchase his stock.

I should state, sir, that my interests, and those of Mr. Morris, in telegraph lines and patents, are very large—the stocks alone held by us in this Company, and in the Western Union, and New York and Buffalo Companies, exceeding \$400,000. It was, therefore, an act of prudence on our part to prevent, at the cost of a few thousand dollars, the hostile movements of Messrs. Hewitt and Edward Cooper.

On the 15th day of April, 1859, we purchased the stock held by Mr. Hewitt and Mr. Edward Cooper, but they, at our request, continued to act as trustees until the organization was had under the charter.

One of the provisions of that charter was, that the President and two Directors should be residents of New Jersey. The charter named the Directors to serve until the annual election in January, 1860. Mr. Hewitt and myself were the only Directors resident in New Jersey. Mr. Hewitt was, therefore, elected nominal President, without salary, the duties of the office being performed by the Vice-President, Mr. Barnum. It was distinctly understood and agreed at the annual election in January last, that when I could get the charter amended so that it should not be necessary to have the President, or any of the Directors reside in New Jersey, Mr. Hewitt would resign his seat as a Director, in favor of Col. R. M. Hoe. The charter was so amended last winter, but Mr. Hewitt has refused to resign his seat.

At the meeting of the Board, on the 9th of March last, Mr. Hewitt resigned his nominal office of President, and Mr. Barnum was elected in his place. Mr. Hewitt, on that occasion, denied that he had been elected on the understanding I have referred to, but on being told by me, as well as the President, and others, that such was our understanding, he consented to resign, but afterwards withdrew his resignation, and has ever since continued to act as a member of the Board.

Sir, I complain of the conduct of the gentleman in that particular. He is the spokesman of, and the head and front of the opposition to the Executive Committee. I would not have consented to the payment of \$25,000 to avoid his antagonism if I had supposed he would break faith with me, and on the acquisition of a few shares of stock, either by gift from his father-in-law, or by purchase, insist on retaining the office of director, and lead the opposition against me and my party. I knew how formidable he was as an experienced Tammany Hall leader, accustomed to political manœuvring, and experienced in the art of ruling by minorities. I knew very well that the fact of our party having a large majority of the stock, and a large majority in the Board, would not be decisive.

The attempt
to put Mr.
Riggs in the
Chair.

I was not then at all surprised, sir, when, on the strength of about one-seventh part of the stock, this restless and dashing partisan got up a meeting of the stockholders, to over-rule the Board of Directors—sought to put in the chair a gentleman who knew nothing at all about the affairs of the Company—a gentleman holding but 34 shares of stock, and that as an executor and agent, but who had the great merit, in the eyes of Mr. Hewitt, of having been the attorney of D. H. Craig.

You recollect, sir, how in strict accordance with Tammany Hall precedent, Mr. Edward Cooper, another experienced wire-puller, hailing from that classic region, moved, on the stroke of 12 o'clock, that Mr. Riggs do take the chair, put the motion, and with half a dozen nays to one yea, declared the motion carried. Your firmness, sir, defeated that bold manœuvre.

The pro-
posed Com-
mittee to
overrule the
Board.

But it did not deter the same party from offering the absurd proposition, that the affairs of the company should be taken out of the hands of the Directors, and placed in the hands of a committee of three persons, two of whom are small stockholders, having no experience whatever in the business of the Company. Of course, a majority of the committee was to be empowered to act, and that majority consisted of Mr. Jas. Freeland, who has five shares, and Mr. Horace Galpin, who has thirty shares. I never heard of either of the gentlemen before in connection with telegraph business, but I know they cannot possibly possess that acquaintance with the subject in controversy which is necessary to lead to judicious action upon it.

Why, sir, did Mr. Hewitt offer this resolution? He could not expect it to be adopted—he could not expect the directors, who are very large stockholders, to vote for the resolution and thus to stultify themselves and throw the affairs of the company into the hands of novices. But, sir, by offering this resolution Mr. Hewitt had the desired opportunity of spreading before the newspaper reporters, whom his party have brought here, a one-sided statement, which, he hopes, may alarm some of the stockholders and ultimately induce a sufficient number of them to act with him and Mr. Craig against the majority of the Board of Directors and the Executive Committee. Mr. Hewitt and his supporters have, it is true, but little stock, but they have the support of D. H. Craig, and through that they expect to rule this company.

Mr. Cyrus W. Field has told this meeting that he was disgusted with my conduct in October last, and that he sold out his stock to me because he thought that the course commenced by the Executive Committee was going to lead to the ruin of the Company.

Sale of Mr.
Cyrus W.
Field's stock.

For this unseemly language the gentleman was called to order. Now, sir, the fact is, that the gentleman sold out to me all the stock he had in the old American Company before the Executive Committee, whose acts he complains of, came into existence. That being so, this meeting will know how to receive the gentleman's statements in future. I will, sir, with your permission, state briefly the facts connected with this purchase.

On 11th October, 1859, Mr. Cyrus W. Field, being the owner of 94 shares of the stock of the old American Telegraph Company, offered to sell the same to me at par, and offered to take my note at three months for the amount. He required an answer by the next day, before noon.

At the time of the making of the offer a negotiation was going on between the representatives of the Magnetic Telegraph Company and those of the old American and House companies for a consolidation of their lines. The parties were assembled in New York, fresh difficulties had arisen in the negotiation and many were of opinion that consolidation would not be effected. I held a different opinion, and therefore concluded to accept Mr.

Cyrus W. Field's offer to sell me his stock. And on the 12th of October, before noon of that day, I sent him a note which reads as follows :

C. W. FIELD, Esq. :

Dear sir,—I am willing to purchase the stock on the terms mentioned to you in my note yesterday.

R. W. RUSSELL.

October 12, '59.

This is a copy of the note here referred to :

C. W. FIELD, Esq. :

Dear sir,—I have been trying to see a friend to join me in that purchase—terms par—you taking my note at three months, with interest from date. I shall see him to morrow. If I make the purchase Mr. Morris will, I presume, take your place as one of the directors.

R. W. RUSSELL.

N. Y., Oct. 11, '59.

Mr. Cyrus W. Field called on me shortly after receiving this note. He then varied the terms of the offer he had made me and instead of transferring the stock to me and taking the hypothecation of the new certificate to be made out in my name, he insisted on holding the stock until the note should be paid.

Rather than give up the bargain I consented to these alterations.

On the evening of the 12th October, the terms of the consolidation were finally arranged. The Magnetic Company at the last moment consenting to yield some important points which they had up to that time stoutly contended for.

After this result Mr. C. W. Field refused to let me have his stock even on the amended terms which he had exacted from me.

First he said he could not let me have his stock unless I would purchase D. Field's stock also. I remonstrated but finally consented to include that in my purchase. Then Mr. Cyrus W. Field came to me again and said I must also take

the stock of his niece Jeannie L. Field. I remonstrated again, but concluded that I would submit to take that also. Then I was told by Mr. Cyrus W. Field that I must assume his subscription for the purchase of stock of the Magnetic Telegraph Company, to the amount of five thousand dollars. I resisted this, but finding that I should have to bring an action to compel the performance of the bargain, I deposited with Mr. Peter Cooper the sum of five thousand dollars to indemnify Mr. Cyrus W. Field from the subscription in question. Finding that I was not to be baffled in this way, Mr. Cyrus W. Field got Mr. Peter Cooper and others to try and induce me to give up the bargain, and even brought the matter up at a meeting of the trustees in order to secure their intervention in his behalf, but I replied that he could purchase the same amount of stock that he had sold to me at an advance of about twenty per cent., that being the rise consequent upon the consolidation. Finally I got the purchase completed, Mr. Cyrus W. Field securing to himself all dividends that might be declared thereafter on the stock of the old American Company. The dividends so reserved were estimated at about \$700. Of course by the terms of the original bargain I was entitled to all accruing dividends, but I was compelled to relinquish them.

I heard no more about the stock of D. Field, and Jeannie L. Field, after I had agreed take it.

When Mr. Cyrus W. Field first asked me to purchase his stock, I understood that he had had a serious misunderstanding with Mr. Abram S. Hewitt, and was desirous of avoiding any further communication with him in relation to Telegraph matters.

Indeed, Mr. Hewitt had told me a short time before that he had made up his mind that he would not consent to sit in the Board the following year with Mr. Cyrus W. Field.

The immediate occasion of this ill feeling was a fierce dispute between them respecting certain bills which had been presented for expenses incurred by Mr. Matthew D. Field (a brother of Mr. Cyrus W. Field), in opposing the application made by Mr. F. O. J. Smith and others, to the Legislature of Massachusetts, for a charter to incorporate a Telegraph Company to lay a telegraph cable between Cape Ann, Mass., and Yarmouth, Nova

Scotia. These expenses were incurred after Mr. Hewitt had, on behalf of the Trustees, and the old American Company, positively prohibited the incurring of any more expenses in that matter. Mr. Matthew D. Field engaged that he would go to Boston and oppose the bill, charging only his traveling expenses, which should not exceed fifty dollars. He received the fifty dollars, and then bills were sent in for expenses incurred by him in the name of the old American Company, to the amount of nearly three thousand dollars. Mr. Hewitt refused to allow these bills to be paid, and insisted that Mr. Cyrus W. Field should be left to pay them out of his own pocket, he having given the parties who had the claims, reasons to believe that Matthew D. Field was duly authorized.

I interposed, sir, in this quarrel, and recommended the payment of the claims, and after some delay that recommendation was adopted.

Although I supposed at the time that Mr. Cyrus W. Field's offer to sell me his stock arose out of that misunderstanding between himself and Mr. Hewitt, I now think that the main reason which induced Mr. Cyrus W. Field to sell was, that he doubted whether the consolidation would take place, and he knew very well that if it should not, the stock would be almost if not quite worthless.

I will not follow that gentleman's bad example, and say that I was disgusted with his conduct respecting the sale of his stock to me. I will leave it to the spontaneous condemnation of every right minded honest man.

Mr. Field's
argues agst.
Ex. Com. In the pamphlet of the Executive Committee it is stated (p. 13) "that the Executive Committee have been informed that the Newfoundland Company's charges for messages of the Press have been lately increased four hundred per cent. or thereabouts."

-to Press
e s, on
found-
lines. Mr. Cyrus W. Field in his address to this meeting has asserted that instead of raising they had reduced the rates $33\frac{1}{3}$ per cent. from the 1st of June last.

The Executive Committee have only stated what they were informed, and it may here be added that the information was

communicated by Mr. Peter Cooper to the President of this Company a few weeks ago. Mr. Peter Cooper mentioned the fact in order to show how generous the New York Associated Press was. He stated that as soon as the Association was informed that the Newfoundland Line needed better pay for the Press messages, it at once consented to pay about four times as much as it had paid theretofore—that this change had been made very recently. Formerly the charges for Press messages from St. Johns or Cape Race, Newfoundland, were the same charges as for private messages—no allowance was made on account of the great length of Press messages. By the change recently made, as I understand, Mr. Cyrus W. Field and his colleagues will derive a much greater revenue from the New York Associated Press. I am informed by Mr. Zabriskie, a news reporter, that the new charge varies according to the importance of the message, *i. e.*, that the charge depends upon the question whether the news be a certain given number of days later. Mr. Zabriskie derives his information from Mr. C. W. Field. Within the last few days Mr. C. W. Field told him that the New York Associated Press paid more than double the regular rates. This was in answer to a question what rates the Newfoundland Company would charge him for independent Press messages to be sent over the lines of the Company.

It will be observed that the remark of the Executive Committee is confined to “the Newfoundland Company’s charges for *messages of the Press*.” They do not speak of the regular tariff of prices for messages in general. It may be quite true that that tariff has been reduced—the fact being that the private messages sent over the Newfoundland lines are comparatively unimportant in a telegraphic point of view.

But Mr. Field has either intentionally or otherwise deceived this meeting by his remarks—he has, in a grossly offensive manner, charged us with wilful falsehood—he has left the impression on the minds of many of his hearers that he had recently reduced the charges for messages of the Press sent over the Newfoundland lines, instead of having raised those charges as alleged.

It will not do, sir, for the gentleman to seek to get out of this dilemma by pointing out the distinction between the charges for messages of the Press and the regular “tariff of prices.”

The fact is, as I am informed and believe, that the Newfoundland lines did not pay expenses, and it was represented that they must be discontinued, unless the New York Associated Press would raise the amount of compensation to be paid to the Newfoundland Telegraph Company for the foreign news transmitted over their lines. *The New York Association thereupon did agree to pay more for the foreign news*, and yet Mr. Cyrus W. Field tells us that the rates have been reduced 33½ per cent.*

* The following affidavit fully contradicts the statement of Mr. C. W. Field, that the rates for Press messages on the Newfoundland Line had lately been reduced 33½ per cent. :

"Michael A. Zabriskie, of the city of New York, being duly sworn, saith : That on the 11th day of June, 1860, this deponent went to the office of Cyrus W. Field, in Beekman street, in the city of New York, to ascertain from him, as one of the directors of the Newfoundland Telegraph Company, what rates that company would charge this deponent for messages for the newspaper press, to be sent over the lines of the said company, from Cape Race and St. Johns to the United States. This deponent had an interview with said C. W. Field on that occasion. This deponent, when he made those inquiries, knew what the regular rates for ordinary messages were ; but, having understood that the agent of the Associated Press had a contract with the said company, for the transmission of his messages over their lines, this deponent was desirous of learning whether he could compete with said agent in the supply of foreign news, for the use of the newspaper press of this country.

"This deponent requested the said C. W. Field to show him the said contract, in order that he might see whether it conferred any special privileges upon the said agent. The said C. W. Field declined to let this deponent see the said contract, but told him that the Associated Press paid about double the regular rates, and that they paid as much for ten words as for seven hundred and fifty ; that the rates of tolls charged to the Association were graduated according to the value of the news, as it might be one or more days later than previous advices.

"The said C. W. Field gave to this deponent, as a reason for the excess in the tolls paid by the Associated Press, that an idea, at one time, prevailed of abandoning telegraphic communication with Cape Race, in consequence of the great expense attendant on keeping the line in repair ; and that, in order to assist in sustaining it, the Associated Press were willing to pay an advanced rate.

"The said C. W. Field also observed, that the rates for ordinary messages had lately been reduced by the Newfoundland Company thirty-three per cent. The said C. W. Field told this deponent, that he would be charged only the ordinary rates ; upon which this deponent inquired what privileges the agent of the New York Association was to have in return for the payment of more than the usual rates, but this deponent failed to obtain any reply to that question satisfactory to

Sir, I do not believe that the rates we are talking about, *i. e.*, the Press rates, have been reduced, on the contrary I have no doubt they have been raised, as Mr. Peter Cooper stated.

And I beg that the stockholders will take especial notice of this matter. I want the stockholders to note the fact that not only are Mr. Cyrus W. Field's charges of falsehood cast about without the slightest care or reflection, but that his most deliberate assertions of matters of fact, especially within his own knowledge and as to his own acts, are wholly unreliable. As there may be hereafter many issues of fact raised between that gentleman and myself, and other members of the Board, I crave the careful attention of this meeting to the statements put forth by Cyrus W. Field, that the rates charged to the Press for messages sent over the Newfoundland line had lately been reduced $33\frac{1}{3}$ per cent. Examine this and see whether it is true, and if you find that it is not, what can you think of the man who has had the hardihood to charge us with deliberate falsehood, because we repeated what we had heard of the matter.

Sir, the Executive Committee referred to this increase of rates on the Newfoundland lines to show that we too should be justified in so adjusting our tariff for through messages and drop copies containing the foreign news as to make the Eastern lines pay expenses and yield a reasonable profit.

To this increase of rates for Press messages on the Newfoundland lines, I attribute the disinclination of the Newfoundland Telegraph Company to receive the overtures of this Company, recently made, for a negotiation for a lease of the Newfoundland lines to this Company. A little while ago the Newfoundland Company could not meet its expenses by its earnings and would have been very willing to lease to us, but now the case is different.

him; the said C. W. Field merely informing him that the New York Association had agreed to pay the extra rates, in order to assist in sustaining the line.

"This deponent wrote down the particulars of the said interview on the following day.

" M. A. ZABRISKIE.

" Sworn before me, this }
13th August, 1860, }

" JOHN BISSELL,
" Notary Public."

Mr. C. W.
Field's
charges.

2. As to
Dividends of
the old Am.
Telegraph
Company.

I will now notice, sir, the other charge brought by Mr. Cyrus W. Field against the pamphlet of the Executive Committee. After stating that there is an "utter falsehood" or a "gross misrepresentation" on every page of the pamphlet, he proceeds to specify only two instances. One of them is the statement of the Executive Committee on the subject of the prices charged by the Newfoundland Company for Press messages. The other alleged misstatement is in relation to the dividends of the old American Telegraph Company. That statement is on page 6 of the pamphlet. After referring to the special contract for the daily transmission of the Associated Press messages to an unlimited extent from New York to Boston for the sum of \$650 per month, it says: "The patronage of the Press, *under that arrangement*, had been a burthen, instead of a source of profit. The old American Company, in consequence of being burthened by that patronage, was often unable to send private messages promptly, and could not make dividends, whilst its rival, the Union Company, being fortunately relieved from the custom of the New York Associated Press, was carrying on a successful and profitable business."

Mr. Cyrus W. Field, referring to this passage, says that it contains the false statement "that the American Company NEVER *paid* any dividends" whereas, in truth, it had paid two dividends of 10 per cent.*

* The following is an extract from the notes of Mr. Underhill, a short-hand writer, who took full notes of the proceedings:

Mr. C. W. Field: I did not intend to notice that pamphlet, because it had come from the Executive Committee of three. I have read it carefully. In that pamphlet there are exactly thirty-six statements which are either utterly false, or gross misrepresentations, and I thought them beneath my notice. I am surprised, as I told Mr. Barnum at another meeting, that a gentleman for whom I had so much respect should have signed such a document. I cannot believe that he ever read that document; I don't know, but at all events, there are statements which are known to every one to be perfectly false. I will mention one. They say that I purchased thirty-one shares of stock since. Mr. Russell knows that in October I became disgusted with his conduct, and did sell my shares.

The President: I cannot permit any personal remarks to be made here.

Mr. Field: I don't mean any disrespect to you, sir; I believe that under excitement you signed that pamphlet, although you did not know what it contained. Some of the statements, as the gentlemen know, and as I will show, were not true. In one of them they say that the Newfoundland Company have raised their

Now, it will be perceived that the Executive Committee do not say that the old American Company had *never*, in the whole course of its career, made dividends, but merely state that it was prevented from making dividends by the patronage of the Press under the onerous arrangement for the transmission of an unlimited number of words for a small fixed sum of money. The fact is, that the old American Company paid no dividends during the two years preceding the consolidation. If it had not been burthened with the business of the Press, under the obnoxious arrangement before referred to, it might have been able to make dividends during that period. The remark of the Executive Committee was therefore strictly correct, and Mr. C. W. Field's charge of falsehood is founded upon a misquotation. The old American Telegraph Company made two dividends in the early part of its career, but I apprehend that an examination of the affairs of that company would show that the net profits were not sufficient to pay those dividends or either of them. I am strengthened in this conjecture by the fact that when I, with Mr. Morris, purchased the stock of Mr. Abram S. Hewitt and Mr. Edward Cooper in that company, we discovered that the capital stock was increased from two hundred thousand dollars to two hundred and fifty thousand dollars, the excess being required to liquidate the obligations of the Com-

tariff 400 per cent. Why did they not ask the directors in relation to the matter, those who are here in New York? Why didn't they go to their office? Had they done so, they would have found that on the first day of June *we decreased the rates 33 1-3 per cent.* Another statement is, that the old American Company *never* paid any dividend. One of the signers of that is Mr. Alden, a director, and a vice-president from its existence, and knows very well that I was a shareholder, and that he was a shareholder, and that we both received dividends of ten per cent., not per annum, but two dividends amounting to twenty per cent. on the total amount that we had paid; that we received a hundred per cent. in addition to the stock of this company, on which we have received twelve per cent. dividends. What is the reason I have been selling my stock? *Ever since the course was commenced, by this Executive Committee, which I thought was going to lead to the ruin of this company, I have been selling out in every instance where I could get a good offer.*"

I find on referring to the books of the old American Company, that the last assignment made by Mr. Field of any part of his stock before he sold to me, was on October 29th, 1858. The sale to me was on 12th October, 1859, and it included every share of stock held by C. W. Field. The Executive Committee was first appointed on 28th October, 1859.

pany. And Mr. C. W. Field has told us to-day that the two dividends made by that company were not paid to the stockholders, but were taken in part payment of the stock subscriptions.

It is true, as stated by Mr. C. W. Field, that the stock of the old American Company was exchanged for the stock of the consolidated company at a considerable premium. I will only take this occasion to observe that the agreement to allow that premium was obtained by certain statements respecting the affairs and condition of the old American Company which were afterwards found to be inaccurate in many important particulars. At first it was agreed, on the strength of those statements, that a larger premium should be allowed to the old American Company, but the gentlemen who conducted the negotiation on behalf of the Magnetic Telegraph Company refused to allow the larger amount, on the ground that they had been misled by the misrepresentations made on behalf of the old American Company. Those misrepresentations caused considerable difficulty with the House party, when the stockholders of the Magnetic Company refused to execute the papers which had been prepared.

18. Sir, it seems to have been impossible for Mr. Cyrus W. Field to open his mouth to-day without making some misstatement. When Mr. Kendall was stating to the meeting that the company had recently made a reduction in the charge for special Press messages sent between New York and Washington, Mr. Field exclaimed: "And that was voted against by every member of the Executive Committee." On the contrary, the proposition was adopted unanimously by every member of the Executive Committee, as the records of the company will show. The Executive Committee was, however, opposed to giving a retroactive effect to the resolution, and the vote on that point led Mr. C. W. Field, with his usual want of accuracy, to make the exclamation just quoted.

I have now a right to ask, sir, what this meeting thinks of Mr. Cyrus W. Field's impudent assertion, that there is a falsehood or misrepresentation upon every page of the address of

the Executive Committee? How has he undertaken to establish that assertion? He has brought forward his charges—only two in number—and I have shown them to be false. Instead of establishing those charges, which he trumped up so recklessly against the Executive Committee, he has merely jerked out a jumble of misquotations and misstatements, and clearly demonstrated to the meeting that he is so loose in the use of words to express his meaning—when he has any—so wholly regardless of accuracy, and so intent upon misleading the stockholders, that his charges and statements of every description must be entirely thrown aside.

Having disposed of Mr. Cyrus W. Field's charges against the pamphlet of the Executive Committee, I will now reply to the remarks of Mr. Dudley D. Field, the brother of Mr. Cyrus W. Field.

Mr. Dudley D. Field has assured this meeting that I have over and over again told him that I was defending the suits brought by Johnson & Zabriskie, and could do so successfully. I promptly denied that assertion. Why, sir, instead of giving the gentleman the assurance he says I did, over and over again, I have not been on speaking terms with him since the actions were brought, and have never seen him but once since, and that was at the public meeting of the stockholders in January last.

Mr. D. D. Field as to the actions of Johnson & Zabriskie.

The assertion of the gentleman must be known to all my colleagues to be unfounded, for they have heard me repeatedly denounce the detention of the messages of Messrs. Johnson & Zabriskie as an illegal act.

Even after I had informed this meeting that the Board of Directors had authorized the payment of damages to Messrs. Johnson and Zabriskie for that illegal act, Mr. Dudley D. Field persisted in representing to this meeting that the settlement had been made by the mere authority of the Executive Committee.* And his brother, Mr. Cyrus W. Field, in the address

EXTRACT FROM THE SHORT-HAND WRITER'S REPORT OF THE PROCEEDINGS.

"Mr. Russell: I will tell you that the statement in the pamphlet is perfectly correct—that this Company has been sued for detaining messages at Sackville until the agent of the Associated Press could bring his messages by Pony Express. The American Telegraph Company refused to send the messages of the rival asso-

to the stockholders, published in the newspapers, has endeavored to make the public believe that the recent alteration in the tariff on messages sent from New York to Boston, for the press, were made by the sole authority of the Executive Committee, he knowing perfectly well all the time that the Board of Directors had, after great deliberation, established that change.

These men, the brothers Field, in their anxiety to have flings at the Executive Committee take no pains to be accurate, and think nothing of charging others with falsehood and deception.

Mr. President, I have said that the Board of Directors authorized the Executive Committee to pay damages to Messrs. Johnson & Zabriskie, the resolution was adopted on the motion of Mr. Wilson G. Hunt, at the meeting of the board held on 2d January, 1860.

The resolution reads as follows :—

“Resolved, That the matter of difference between the Amer-

ciated Press from Sackville to New York, until it had received the messages of D. H. Craig, brought from Halifax to Sackville, a distance of 136 miles, for the Associated Press of New York, and they were sued for this wrong and damage, and the Board of Directors referred it to the Executive Committee to settle that claim. The Executive Committee, being advised that they had no defence, paid the amounts which the unfortunate agent of the Associated Press outside of New York, had expended in the payment for messages at Halifax and Sackville.

“Mr. D. D. Field : That does not answer my question. Has there been any decision in Court?

“Mr. Russell : No, Sir. I just said that there had been a suit brought, and that it was referred to the Executive Committee to settle.

“Mr. D. D. Field : Then it is not true that ‘they have had’ to pay money? They have chosen to pay the money of the stockholders, without, I say, their having a particle of right, for the Secretary knows himself, that he has, over and over again, told me that he was defending this suit, and could do it successfully.

Mr. Russell : The Secretary has never said anything of the kind. He has always insisted that it was an illegal act.

“Mr. D. D. Field : One question more. What counsel has advised the Executive Committee that they ought to pay it?

“Mr. Russell : I have. I am the legal officer of the Board.

“Mr. D. D. Field : That is, you, being the Executive Committee, have been advised by yourself that you ought to pay, and accordingly you pay.”

(That remark is wholly erroneous. The Board was advised that the Company had not a full defence to the actions, and the Board decided to settle the actions. The amount paid, however, was much less than the amount claimed, which was excessive.)

ican Telegraph Company, and the Nova Scotia Telegraph Company and Messrs. Johnson & Zabriskie, be referred to the Executive Committee, with power to arrange the same, and to report at the next meeting of this board."

The Executive Committee settled with Messrs. Johnson & Zabriskie by merely paying them the amount they had paid to the Nova Scotia Company and this Company for messages which became useless by reason of the refusal of this Company to forward them from Sackville. We paid nothing to Messrs. Johnson & Zabriskie for the expense incurred by them in the preparation of the messages and their transmission from Europe to Halifax. At the same time I got Messrs. Johnson & Zabriskie to agree to a settlement on the same basis with the trustees of the old American Company, and the New York and Washington Printing Telegraph Company. The amount thus paid by the new company was \$962 08, the amount to be paid by the trustees by the above-mentioned arrangement is about two thousand dollars.

Mr. Dudley D. Field charges the Executive Committee with having put forth a falsehood in their pamphlet, because they say (page 24, note) referring to the stoppage of the messages of Johnson & Zabriskie at Sackville, "The American Telegraph Company has been sued for this violation of the law, and has had to pay damages."

D. D. Field,
charges agst.
the pamphlet
of the Execu-
tive Commit-
tee.

Is it not, sir, perfectly correct to say that one has had to pay a sum of money when it has been demanded of him, and the rightfulness of the demand has been admitted, and the amount paid. If a trial had been had and a judgment rendered against the Company, the Executive Committee would of course have mentioned the fact. But the Board of Directors did not choose to stand a trial, they believed that the law had been violated, and they were very glad to get the settlement with Johnson & Zabriskie. A jury might not have let us off so easy, but might have mulcted us in heavy damages.

I must here explain that the orders of the president of the old American Company to stop the messages of Johnson & Zabriskie at Sackville, continued as a matter of course to be en-

Why the new
Company
went on in
the old
course.

forced until the new board should ordain a different state of things. In the multitude of matters to be attended to just after the new organization, this particular subject was not considered to be one of paramount importance, and at the instance of Messrs. Hunt, Field, and Hewitt action upon it was postponed for a short time, it being understood that the whole difficulty would be removed in the course of a few days, by the termination of the contract between the Nova Scotia Telegraph Company and Messrs. Johnson & Zabriskie.

Mr. D. D. Field's criticism on the Secretary's want of humility. I desire to say a few words in reply to Mr. Dudley D. Field's remarks upon the tone and style which he expects from the Secretary when he is responding to any question that may be put to him at this meeting. According to Mr. Dudley D. Field humility befits the Secretary, he being a mere servant of the company. I speak, sir, as a Director, as one of the Executive Committee, and as the owner of a large amount of stock. As for the office of secretary I care nothing about it, and only undertook to perform the duties temporarily until the affairs of the new organization could be reduced to order.

I readily acknowledge the right of any stockholder, tho' he may hold only a single share, to criticise my acts as one of the Executive Committee, but it verges upon the ridiculous for a man having or representing a comparatively small interest to get up and undertake to snub one holding three times as much.

The Western Union Co. and the California Telegraph. I see here, sir, some gentlemen connected with the Western Union Telegraph Company, acting with the party opposed to the majority of the Board of Directors of this Company. That may be accounted for by the fact that the Western Union Company is very desirous of having a telegraph line built to California upon a certain route, a large part of which runs through the territory allotted to that company by the six party contract. A majority of the Executive Committee of this company wanted a line upon another route (the Southern) provided for by Congress, in addition to that favored by the Western Union Company, and therefore opposed the bill for the establishment of the latter line alone. In so doing they have given offence to the Western Union Company, and I have no doubt that the

president and some of the directors of that company would, for that reason, like to see a change in the government of our company. In fact the gentlemen to whom I have just referred would, for various reasons which I cannot stop now to explain, prefer to have the affairs of this company managed by certain directors of the old American Telegraph Company, viz., Messrs. Hunt, Field & Hewitt, rather than by gentlemen who are connected with the Magnetic and other Companies now in the consolidation. And Mr. Craig can act cordially with the Western Union Company, for he wants a monopoly of the telegraph news between the Atlantic and Pacific—which monopoly would be endangered by the existence of the different lines on different routes between those points.

Mr. Craig demands the expulsion of the Executive Committee and the appointment of others in his interest. He publishes an abusive pamphlet attacking all the members of the board who had opposed his views; he assails them with the grossest epithets, and this scurrilous pamphlet is sent round to all the stockholders, a list having been obtained for that purpose through Mr. Cyrus W. Field.

Mr. Craig,
his demands
and his co-l-
leagues.

It is true that Mr. Hewitt, one of our assailants, deprecates the tone and style of this pamphlet, but he does not oppose the demand that the Executive Committee shall be removed, on the contrary he proposes that we shall enter upon a career of submission to the truculent agent of the New York Association, well knowing that the inevitable result would be the transfer of the management of the affairs of the Company to his supporters in the Board.

In that event we may see Mr. Cyrus W. Field, President, Mr. Wilson G. Hunt, Treasurer, Mr. Abram S. Hewitt, Vice-President, Mr. Dudley D. Field, Counsel of the Company, and the first three named gentlemen the Executive Committee.

Moreover, the control of this company may be a matter of considerable importance to ambitious New York politicians, Tammany Hall leaders, and candidates for posts of distinction.

I have further to state, sir, that, as a large stockholder, I have great objections to placing the control of this Company in the

hands of gentlemen who have but little interest in this company and large interests in the Newfoundland line. A consolidation of that line with the lines of this Company, on terms too favorable to the former, might be effected, or contracts might be entered into between the Companies detrimental to my interests. I do not wish to impute base motives to all of those gentlemen, however some of them may abuse and vilify me, and however outrageous may be their conduct in relation to the affairs of this Company, but, I do mean to say that I do not want men to act as my trustees whose interests in relation to the affairs of this Company are opposed to mine.

I cannot, sir, separate Mr. Craig from his friends and supporters, Messrs. Field, Hunt, and Hewitt, for I find them acting together, using the same arguments, and, in point of style or veracity, I do not see much difference between Mr. Craig and Mr. Cyrus W. Field.

Public discussion
should have
been prevented.

Sir, this public discussion has been forced upon us contrary to the wishes of a large majority of the stockholders. I wish, sir, that Mr. Kendall had not submitted to the clamor of the faction appealing from the Board to the stockholders. We could soon have put to the test the bold threats of Mr. Dudley D. Field that whatever might be the wishes of the majority of the stockholders he would have a public discussion of the affairs of the company. That gentleman told us that if Mr. Cambridge Livingston's resolution should be carried, he, Mr. D. D. Field, and his party would disregard it and would carry out their programme by force. That is all of a piece, sir, with the first manœuvre,—the attempt to seize the chair. I should have liked to see Mr. D. D. Field try to carry out his threat. I do not think he would have succeeded.

Objects of
the Opposition
Party.

I can divine two objects of the directors who persist in publishing statements to the effect that the property of this company is not worth more than the amount of its debt, incurred in the purchase of a small part of the property of the Company from Mr. F. O. J. Smith. One object probably is that the stockholders may be induced to put the property under the charge of those who intimate that they can obtain the friendly aid of D. H. Craig. And it may be supposed that many of the

stockholders may be induced to sell out their stock at a low price.

A short time ago, sir, it was given out that Messrs. Hunt, Field, and Hewitt, and their friends, Peter Cooper, D. H. Craig, and others desired to sell their stock, and that 2,000 shares could be bought for 85 cents on the dollar. But a party who applied to Mr. Cyrus W. Field, expecting to get the stock at that rate, was told that the price was 100 cents on the dollar for the 2,000 shares, all the talk about selling at 85 was merely to keep down the price of the stock. The same party was opposed to our making quarterly dividends of three per cent. They preferred lower dividends. The object of all these movements may be readily guessed at.

Mr. Hewitt has read a printed address to this meeting signed by himself, Mr. Wilson G. Hunt, and Mr. Cyrus W. Field. That address, sir, is full of errors, mistatements, and false reasoning, and I propose to review it.

Review of
the printed
address read
by Mr. Hew-
itt.

The first statement made by Messrs. Hunt, Field, and Hewitt, is that when the consolidation was effected it seemed that the affairs of the company "were placed on a basis of enduring prosperity, which, with proper management, no adverse circumstances could disturb."

To whom did it seem so? It was well known by those who were acquainted with the telegraph business, and who had brought about this consolidation, that the question whether "*enduring* prosperity" could be secured depended upon various circumstances of a somewhat doubtful character. And although I for one believed that "*enduring* prosperity" might be secured by that "*proper management*" which is opposed by the gentlemen who stopped the messages at Sackville, I knew that under what they call "*proper management*" the prosperity of the company would not endure more than a year or two, and probably not so long even as that.

The antici-
pation of
"enduring
prosperity."

I hoped and believed, sir, that they would not obtain the management of the affairs of the company, and therefore I expected that the company would become and remain prosperous. But I could not conceal from myself the fact that there was

danger—that those gentlemen, although having but three votes in the Board, and owning but little stock amongst them, might, by the powerful aid of the New York press and their agent, succeed in obtaining the control of the company for themselves and their party.

I was hopeful as to the fruits of the consolidation—many others were not so—many of the stockholders of the Magnetic Telegraph Company preferred selling their stock to taking the stock of the new company. They had been assured by an indiscreet gentleman assuming to speak for certain parties favoring the project of consolidation, that they would purchase all the stock of the Magnetic Company held by parties who might decline to come into the new company. The principal stockholders of the Magnetic Company soon found that this assurance was unfounded, and abandoned the idea of selling, but others insisted upon the fulfilment of the promise, and it became necessary to subscribe ninety thousand dollars to purchase the stock in question. At the last moment the amount subscribed fell short twenty thousand dollars, and I had to make up the deficiency, for no one else would. I may here add that the subscriptions of Mr. Peter Cooper and Mr. Wilson G. Hunt were \$10,000 each. My subscription was \$25,000.

Alleged objects of the consolidation.

Messrs. Hunt, Field, and Hewitt state, in the second place, that “this consolidation could never have been effected but from the general conviction in the minds of the proprietors of the lines, and of the public by whose business the lines were sustained, that the great saving in the expense of operating and maintaining them under one management, would enable the united company to offer to the public greater facilities in the transmission of intelligence, and, in the course of time, at reduced rates.”

I do not believe, sir, that the objects of the parties who effected the consolidation are correctly stated in the paragraph quoted. The leading object was not to offer the public greater facilities nor reduced rates, although I believe that those results will follow at no distant period. The great object of myself and my colleagues was to acquire the strength necessary to prevent competition, which we feared might arise after the expiration of the patents granted to Prof. Morse.

Messrs. Hunt, Field, and Hewitt state that the directors have been enabled "to make quarterly dividends of three per cent., besides laying by a considerable amount for the construction of new lines and the discharge of the debt incurred in buying out the interest of Mr. F. O. J. Smith in the lines and patents."

The dividend made, and reserved fund.

That statement is incorrect.

In making the dividends of three per cent. no fund is reserved for the construction of new lines or the discharge of the debt referred to, it having been resolved by the Board to issue stock to raise the funds necessary for those purposes.

Messrs. Field, Hunt, and Hewitt appear to be very desirous of depreciating the stock, but I must say that they are not correct in their remarks about the sales of the stock. I know of a good many sales at par and upwards. In fact there has been no fixed price for the stock, some parties believing that the company will be able to keep a monopoly of the business and others that the monopoly depending on the caprice of D. H. Craig will be soon broken up.

The sales of Stock.

Messrs. Hunt, Field and Hewitt state that they consider that "it is remarkable that the stock of the Company has steadily sold below par;" and they draw a contrast "with the market value of the stock of other companies earning much less in amount and declaring the same rate of dividends." They tell us that "the attention of the observing shareholder is arrested by this comparison," and that an examination of the causes of the unfavorable comparison is called for. They hold that it is the "plain duty of every Director of the Company" to raise the market value of the stock to 175 at least. They say: "If the capitalist were reasonably sure that the earnings of the Company could be maintained at the present rate, without prospect even of any increase, the market value of the stock ought to range between 175 and 200. To insure this value is the obvious interest of every stockholder, and the *plain duty* of every Director of the Company."

Comparison between this and other Stocks.

But, a little further on, these gentlemen make some statements of what they assert to be matters of fact, and present

arguments which, if correct, would at once dispense with any "examination of the causes of the unfavorable comparison" to which they have directed our attention, and would dispel all hopes that the Directors would ever perform their "plain duty" of raising the value of the stock to the desired level, the "range between 175 and 200."

I quote, sir, the following passage from the manifesto of the three gentlemen: "The American Telegraph Company has a capital of about \$1,500,000, and a debt of about \$200,000. It owns the lines between Boston and Washington, some local lines in New York and Virginia, but it leases the lines east of Boston and south of Washington, so that the bulk of this great capital and debt represents the lines between Boston and Washington."

Probable results of management of the company by Craig and his friends.

Can you, sir, or any man who has heard or read that passage, believe that these three gentlemen were *serious* when they talked about the attention of the observing stockholder being arrested by the remarkable fact that telegraph stock, which had paid six per cent. in six months, had not ranged in the market "between 175 and 200?" Why, sir, according to these gentlemen, the stock is not worth ten cents on the dollar, for its value is dependent entirely upon the will and pleasure, whim or caprice of D. H. Craig, the agent of the New York Associated Press, who may, by getting up an opposition to us, destroy the value of our property. Oh, say these gentlemen, if you will let us and our friend Craig manage the Company, he will not get up an opposition, and we shall have a telegraph millenium. How long would it last? What men are there to be found who would submit to his tyranny and abuse; and why should not he, a year hence, when the first Morse patent expires, take up some new invention along with Messrs. Hunt, Field, and Hewitt, or others, build a line from Boston to Washington, and, by his control of all the press news of the country, force our colleagues in the North American Telegraph Confederation to desert us and connect with his lines? If Mr. Craig be allowed to monopolize all the news sent by telegraph, he may take it into his head that he and his friends may as well force a sale of the lines of the American Telegraph Company to a new company to be under his control. Messrs. Hunt, Field, and Hewitt,

and their immediate friends, might be taken care of in that arrangement, while the rest of the stockholders would lose every thing.

In my opinion our only safe course is to use the strength we have to put an end to the system whereby all the press news is controlled by one person.

The consolidation would never have been effected but for the belief, entertained by myself and others, that we could destroy that monopoly.

Have these three gentlemen, Messrs. Hunt, Field, and Hewitt, confidence enough in their own theory to purchase a majority of the stock at the price which they have themselves figured out. They hold that the Company has nothing to do but to pacify D. H. Craig; and they evidently consider that this should be done at once, by throwing overboard the majority of the Board and the Executive Committee.

My opinion is, sir, that in the new *régime* Mr. Hewitt would soon find himself unable to bear up against the insolence and abuse of that hard task-master, Mr. Craig. I doubt whether even Mr. Cyrus W. Field would not try to get up a conspiracy against the great autocrat, and thus force what Messrs. Hunt, Field, and Hewitt magniloquently call "the newspaper press," into "an attitude of hostility" to the Company. All the sacrifices to pacify Mr. Craig would be found unavailing. It is true, he might not quarrel with his old colleague, Mr. Wilson G. Hunt. Indeed, unless I am much misinformed on the subject, there are divers substantial reasons why those two gentlemen will remain in perfect accord with each other.

But the affairs of the company cannot, under the charter, be managed by Mr. Hunt and Mr. Craig alone; there must be a Board of Directors, and they would doubtless prove restive.

This point is well stated in the address of the Ex. Com., on p. 27, in these words;

"It is true that this company might, by abject submission to the dictates of the polite and gentlemanly agent of the New York monopoly, manage to keep him in good humor for a few months, weeks, or days—might, by expelling the Executive Committee, and appointing his nominees in their place, avert

the threatened action of the New York monopoly against the company for a brief period; but then, we should hold our property by the frail tenure of the mere good will of D. H. Craig, and our dividends would not be worth a single year's purchase."

Messrs. Hunt, Field, and Hewitt, in the next place, proceed to assume that a great deal of trouble has been occasioned by alterations in the tariff on press messages—that the business paid well enough, and should have been let alone. Now, sir, all this is mere delusion. The question is not about tariffs. The Associated Press are willing to pay three times as much as they do now if we will only agree not to take active measures to break up the present system, whereby only one foreign dispatch is allowed to be received for the whole country.

Willingness
of the Associated Press
to pay higher
rates.

I will here notice an error into which a gentleman representing one of the Boston newspapers—Mr. Hale—has fallen in the course of his address to this meeting.

That gentleman has told you that the Boston papers have paid double the price paid by private individuals. The pamphlet published by the Executive Committee, p. 5, shows what the Boston papers pay for messages from Boston to New York and from New York to Boston, viz., for the first 500 words three cents a word, from 500 to 1,000 two cents a word, over 1,000 one cent a word.

Mr. Hale's
remarks.

Now, this reduction in favor of long messages is made solely with a view to the benefit of the press, because practically it is the press alone that derives any benefit from it. A message 500 words long for any other customer than the press is a thing that has scarcely ever been heard of. In reality, then, the Boston papers pay much less for their messages than the ordinary rates charged to the commercial public.

For myself, I must confess, that I can see no good commercial, or other reason why any deduction should be made from the full charge for a message sent to the Associated Press, although I can see good reasons for making a deduction in favor of a special press message, in order that that class of business may be increased. This question is examined in the address of the Executive Committee, pp. 7 to 10, p. 32, and p. 35. The com-

parison instituted by Mr. Hale between a message sent for the whole press of Boston and one sent to a private individual is fallacious. The former on account of its great public importance is allowed priority and therefore full rates ought to be paid for it, especially as no more business can be got by the telegraph company by reducing the charge for an Associated Press message; the amount to be paid by each of the papers taking it being so small that even if the price were doubled the message in question would not be abbreviated on that account one single word.

The question is not as Messrs. Hunt, Field, and Hewitt, would represent it to be, viz., whether we shall be content with our present earnings, and thus "let well enough alone," it is whether we shall endeavor to get the control of our own business, or let a huge monopoly be built up, which will inevitably destroy our property. The question as to the rates to be charged for press messages is comparatively insignificant, but, if from fear of offending the New York Association, we let them dictate to us the rates to be paid, it follows that from the like fear we shall refrain from taking those measures which are necessary to destroy the monopoly of the foreign news enjoyed by that association. I have often declared that, in my opinion, that monopoly must be broken up, and that I believed that means would be found to accomplish the result. This declaration, sir, is but the echo of the covenant which our company entered into on the 12th October last with the principal stockholders of the Magnetic Telegraph Company, an extract from which may be found in the pamphlet of the Executive Committee, p. 25.

The real
question.

We have thereby covenanted that we will "*use all legitimate means to prevent monopolies of market and other news entering the United States from foreign countries.*"

Messrs. Hewitt, Field, and Hunt speak on this subject as follows:

"The right to combine to procure intelligence is as *sacred* as the right of the stockholders of this company to associate themselves together to build and operate telegraph lines."

I am not aware, sir, of any right—divine, sacred, or otherwise—to combine to procure intelligence to the exclusion of other parties. And I propose, sir, that we shall destroy that

feature of exclusion, because it is prejudicial to our interests and to those of the community.

Messrs. Hunt, Field, and Hewitt, contend that we have no right to resort to any means to prevent the monopoly in question, any more than we have to break up a private firm, in order that each partner may be made to pay separately for the dispatches which would come to all in common.

These are the gentlemen who resorted to the strongest kind of measures to preserve the monopoly of the New York Association. Now, sir, it is a sufficient answer to this objection to say that if we had refused to covenant to do what they say we have no right to do, the consolidation would never have taken place. I may add, sir, that Messrs. C. W. Field and A. S. Hewitt signed that covenant.

We have covenanted to use all legitimate means to prevent the monopoly of the foreign news. One proper way to do so is to invite competition, to point out how the foreign news can be obtained, to aid, by our advice and counsel, the newspaper press all over the country.

Messrs. Hunt, Field, and Hewitt are the gentlemen who, controlling the old American Telegraph Company, broke down a rival press agent, by refusing to send his messages. Naturally enough, the agent of the New York Associated Press wants these gentlemen to have the control of this company, because he knows that they will not "use all legitimate means," nor any means at all, to prevent his monopoly. In fact, they declare that such efforts would be officious intermeddling, improper and unjust.

They say, however, that they are perfectly willing to offer all possible *facilities for competition*, but contend that the contract with the stockholders of the Magnetic Company does not require us to take any *active* measures to prevent the monopoly in question, and that the New York Associated Press will take offence, and justly so, too, if we try to break up their monopoly.

It is well known, sir, that, unless we take the initiative, the press outside of the city of New York will be unable, at all events for a considerable time to come, to liberate themselves from the yoke of Mr. Craig. Now, Messrs. Hunt, Field, and Hewitt are perfectly willing that we shall do anything that will

be useless for the accomplishment of the purpose set forth in the covenant which I have quoted. They are quite willing, for example, that we should have two wires from Halifax, if we will do nothing to get two customers for the use of them.

I have no doubt, sir, that the New York Associated Press and their agent have been sorely offended by our covenant to use all legitimate means to prevent them from continuing to enjoy their monopoly. I dare say they had a copy of that covenant in October last, before the ink was dry. The parties to the covenant assumed that the object could be accomplished, and I maintain, sir, that the covenant contemplates action on the part of this company to break up the monopoly. It was treated at the time as an open declaration of war against the New York Associated Press.

Mr. Raymond, one of the proprietors of the New York *Daily Times*, in his address to this meeting, has said, that the rates charged to the New York Associated Press are quite immaterial. He denies that any objection to raising the prices would be made by that association.

Mr. Hewitt has declared to-day to this meeting that the press (by which he means the New York Associated Press,) care nothing for rates—that they are willing to pay one hundred per cent. or three hundred per cent. increase, if this company will not use means to prevent the monopoly of the foreign news.

What right, asks Mr. Raymond, has the company to build up rivals to the Association? And he adds that if the company for its own interests will do so, then the Association will, in its own defence, build up rivals to this company.

That is all right—let them do so if they will and can. We expected them to *try* when we entered into the covenant with the stockholders of the Magnetic Company. But, sir, they cannot succeed now, and I think we can, by active measures, prevent them from controlling our property at their pleasure hereafter.

In reply to the remark of Mr. Raymond, that it does not become this company to speak against the monopoly of the foreign news, because we have ourselves a monopoly, I beg leave to say that the interests of our company, not less than those of the

public at large, require that there should be more than one telegraph message containing the foreign news received by the newspaper press of this country.

Messrs. Hunt, Field, and Hewitt say that the members of the New York Associated Press only want a contract with this company for a term of years. I am well satisfied, sir, that the only effect of such a contract would be to divert us from our object and cause us to lose precious time. The one all-important fact is, sir, that unless we can break up the system whereby the entire patronage of the press dispatches is held by one man, our property is not worth twenty cents on the dollar, but, on the other hand, if we succeed in our object, every share of the stock will be worth a great deal more than one hundred dollars.

A contract with the New York Associated Press would be a mere delusion—it could be broken at any time by the association, on the pretence that the business was not done as well as it might be.

In the manifesto of Messrs. Hunt, Field, and Hewitt, I find this passage: “The undersigned have at all times been opposed, and still remain hostile to all grants of special privileges and preferential claims in the use of the lines of the Company.”

Why, sir, these are the very gentlemen who, whether they did or did not recognize any “preferential claims,” in the use of the lines of the old American Company, would not allow parties to use those lines to send Press messages from Sackville to New York in opposition to D. H. Craig.

These gentlemen seem very fond of high sounding phrases and glittering generalities, but their conduct in the telegraph business has by no means conformed thereto.

In their manifesto it is stated that Mr. Hewitt had an interview with me in which I declined to state to him how the Executive Committee intended to prevent the monopoly of foreign news. I did, sir, decline to lay before him the programme. I did not want any of the proposed arrangements to be communicated to Mr. Craig, because he might be able, if fully advised beforehand, to defeat some of them. I had no confidence whatever in Mr. Hewitt. He had shown himself to be a

Why the Executive Committee did not lay all their plans before Mr. Hewitt.

thorough out and out partisan of Mr. Craig, by stopping the messages of Johnson and Zabriskie at Sackville. Mr. Hewitt had moreover factiously opposed the Executive Committee on various occasions, and had broken faith with me by retaining his seat at the Board of Directors.

Mr. Hewitt errs when he says that I told him that the policy of the Executive Committee, in reference to the New York Associated Press, "was a mystery." Nor is he correct in another part of his statement wherein he states, that that policy was boldly avowed to be "that the New York Associated Press must be broken up, and that means would be found to accomplish that result."

There never was any mystery about the policy of the Executive Committee, that policy was plainly declared, and Mr. Hewitt has not correctly stated it. It was to break up that regulation of the New York Associated Press which begets a monopoly of the foreign news, and confines our lines to a single message containing such news.

Mr. Hewitt is not correct in saying that I told him substantially that I had fully explained the views of the Executive Committee to Mr. F. O. J. Smith, and that he "was so delighted with them that he was ready to exchange his bonds for stock." What I said on that subject was, that Mr. F. O. J. Smith was satisfied that we could prevent the monopoly of the foreign news by the legitimate means pointed out to him, and that he would, if necessary, exchange his bonds for stock, if that policy should be adopted and put in operation. He would not exchange his bonds for stock if the control of the Company should pass into the hands of Mr. Craig and his three supporters in the Board. I am well assured that Mr. F. O. J. Smith would not, in that event, give twenty cents on the dollar for the stock. I know that I would not.

Messrs. Hunt, Field, and Hewitt argue that our patents will not prevent the establishment of rival lines, and they refer to the fact that Morse's patents did not prevent the establishment of House and Hughes lines. House's patent was for a new Patent rights

process, the use of which was decided not to be an infringement of Morse's patent. Hughes's machine was a mere evasion of House's, and I have no doubt that the use of the former would have been restrained by injunction, if the old American Company had not coalesced with the House Company shortly after the commencement of the use of the Hughes machine upon the line between New York and Philadelphia, for which the American Company did not hold a grant of the House patent. It will be found that no available system of telegraphing can be introduced into this country which is not an infringement of some one of the patents owned and controlled by the American Telegraph Company.

The Six-party Contract. In reference to the exclusive connections which our Company has with the other Southwestern and Western lines under the compact known as the six-party contract, Messrs. Hunt, Field, and Hewitt quote a saying of mine, that the contract is "a rope of sand," which cannot be relied upon whenever it may suit the interests of the contracting parties to dissolve of it. I have said so, when contending that it should be made more binding, and the interests of the various Companies blended more together. The Executive Committee, in their address to the stockholders, takes up this topic (page 26), and say :

"Of course there will be associations for the supply of Press news, but what this Company wants to prevent is the monopoly of the news by a *single association*. It is very clear that if we remain quiet, and allow this monopoly to go on increasing in strength from day to day, we shall soon find ourselves dependent for existence on the mere will and pleasure of the agent or manager of the news monopolists.

"If any single individual or party can obtain and keep the monopoly of the foreign news, he or they will be able, a short time hence to destroy the American Telegraph Company. It is very probable that the Western Telegraph Companies would not offer any resistance to a party controlling the foreign news, but would, if required so to do, give all their business to lines designated by that party."

Those passages, sir, which I have just quoted, show where the danger lies, and how to avoid it. We cannot calculate upon the faithful performance of the covenants of the six-party contract, if we allow the consolidation of the Telegraph lines along the seaboard, to consolidate the monopoly of the news in the hands of one party. Rather must we use the consolidation, as we have covenanted to do, to break up that monopoly.

Messrs. Hunt, Field, and Hewitt contend that a line can be built between Boston and Washington for \$200,000—to be worked in opposition to us—that it can do a flourishing business without connections.

As to a competing line, Boston to Washington.

To all this I reply, that a rival line between Boston and Washington cannot be built without violating our patents—that we hold the best routes—and that the line in question would not pay half its expenses, with all the patronage that D. H. Craig could bestow on it. The Associated Press business is not worth having, and Mr. D. H. Craig cannot at present control the special press messages. He may be willing to pay four times as much as he does now for Associated Press messages, but even then the rival line would realize but little, and that little for only a short time, as Mr. Craig's employers would soon get tired of patronizing a one-horse concern that could not do the business properly. After the news shall have been published two or three times in independent papers not belonging to the association, the whole of Mr. Craig's arrangements will be abandoned, and those parties whom he may have induced to embark in the enterprise of opposing this Company will be left in the lurch.

The personal liability to be incurred by the parties who might venture to infringe our patents, will prevent Mr. Craig from carrying out his threats. He must wait for a year or so, and I propose that our Company shall employ that interval in fortifying against him, and strengthening the confederation of the various Telegraph Companies.

I am compelled, sir, to speak out, because if I failed to do so, the stockholders might be deceived by the specious statements and reasoning of our opponents. But I know that the majority of the stockholders will not ask me to state publicly all the

means we intend to use to attain our object. Nor will Mr. Hewitt's taunts induce me to do so. In fact, I hold that there ought not to be any public discussion of these matters.

Value of the
property of
this Com-
pany.

Sir, it is true, as stated by Messrs. Hunt, Field, and Hewitt, that the American Telegraph Company has a capital of about a million and a half, and a debt of about two hundred thousand dollars. And I maintain, sir, that the property of the Company is worth a great deal more than those two sums added together.

The reasoning of Messrs. Hunt, Field, and Hewitt is entirely fallacious. They say that the bulk of the capital of this company and its debt represents the lines between Boston and Washington, because this company leases the lines east of Boston and south of Washington, and that the debt of this company is nearly or quite equal to the actual capital required to build a new line between Boston and Washington.

I regard the lines between Boston and Washington as a mere bagatelle in comparison with our other property. But I need not repeat what is set forth in the printed address of the Executive Committee, on pages 21 and 22, and pages 33 to 36. Suffice it to say that this company controls all the principal lines along the seaboard, and has exclusive connections with all the great telegraph companies in the United States and British Provinces. The company has a great and lucrative business, and is well able to pay the rents reserved by the leases of the various lines east of Boston and south of Washington. The leases and the contracts for connections are worth far more than the whole amount of the capital stock and debt of the company.

Messrs. Hunt, Field and Hewitt say they do not make their statements to alarm the stockholders or to foment opposition; that they "might have sold their stock and retired from the company." Two of them did once sell their stock and they have now only eighty-four shares between them. I will not say that they did make these statements to alarm the stockholders and foment opposition—still they must be aware of the natural consequences of their own acts.

On the 5th page of the address of the Executive Committee you will find this note: "It is understood that Mr. C. W. Field

is perfectly willing to have the editors of certain newspapers appoint five of the directors, as demanded in the communication hereinafter noticed."

Mr. C. W. Field and the demands of certain newspaper proprietors.

I was told so by Mr. Hewitt, in my office, a few days ago, and Mr. Morse and Mr. Alden were both present and heard the remark. Mr. Hewitt added that he himself considered the demand an unreasonable one. I am not at all surprised, sir, to find that flighty gentleman, Mr. Cyrus W. Field, putting his name to a paper ridiculing the very proposition which he supported.

He judged from his own loose practice in making and publishing statements, that our president, Mr. Barnum, had put his name to an important address to the stockholders stating his policy as president of the company, without reading it. Did Mr. Cyrus W. Field put his name to Mr. Hewitt's "singular production," without reading it, or was Mr. Cyrus W. Field perfectly indifferent whether the paper represented his sentiments or not, so long as it would answer the purpose of the moment?

In that paper, I find this passage :

"As to the propriety and reasonableness of this letter, there is considerable difference of opinion. If the Telegraph Company were to demand of the editors the right to manage the newspapers, upon the ground that the stockholders, officers, and servants of the Company, buy a large number of copies daily, the demand would certainly not be listened to. The stockholders of the Telegraph Company will in all human probability, deem it their right and duty, under all circumstances, to control and manage their own property, under such reasonable regulations as their duty to the public demands, and their own interests dictate."

That is pretty good, sir, for a man who held that the demands of the New York and Boston newspaper gentlemen were right and proper. I doubt, sir, whether the proposition would ever have been made if Mr. Cyrus W. Field had not approved of it and promised to support it.

That absurd demand of the newspaper men of New York and Boston only shows how easy it is to get such papers signed. It needed only the assurance that Mr. Cyrus W. Field was in

favor of allowing a few select newspaper men to manage the telegraph business of the seaboard. It was supposed that he was a great man in the company. It was not known that he had sold out his stock before the consolidation and had only picked up a few stray shares since.

I can easily imagine, sir, what passed through the minds of some of the signers of that paper when it was submitted to them. Seeing some signatures already appended to it they readily followed suit saying to themselves, "Well, it would certainly be a good thing to make the telegraph subordinate to us. To be sure this looks like an audacious demand, but then in signing it we only follow the example set by others, and shall be in very good company."

Mr. Craig had only to start the project and get one or two signatures; all the rest was sure to follow as a matter of course—thus exemplifying the truth of the old adage that "one fool makes many."

I understand that some of the parties who signed that silly paper have frankly admitted that they are ashamed of it.

A Board
wanted by
Messrs. Hunt,
Field and
Hewitt, to
represent the
"majority of
the stock-
holders."

Messrs. Hunt, Field, and Hewitt say, that they "believe that it would be better for the whole Board to resign and let a new one be elected *who will represent the majority of the stockholders.*"

No one knows better than the gentleman who penned this passage, that this project is impracticable. The Charter provides that in case any Director shall resign, the vacancy may be filled by the Board of Directors. The stockholders cannot fill any vacancy. Messrs. Hewitt, Field, and Hunt, cannot well be ignorant of the fact that the other nine directors do now "represent the majority of the stockholders," and a very large majority too. What, then, do they mean by this suggestion, that the whole Board shall resign, "and let a new one be elected, who will represent the majority of the stockholders?" If it be desirable to have a Board of Directors capable of acting in harmony together, the desired object can be attained by the resignation of Messrs. Field, Hewitt, and Hunt. In that event, three other gentlemen will be elected in their places, who agree in opinion with the other nine Directors. I will undertake to

satisfy Messrs. Field, Hewitt, and Hunt that the other Directors whom they have failed to convince, do represent a majority of the stockholders, if that is all that Messrs. Field, Hewitt, and Hunt want to be satisfied about; for, Sir, I will show them that those other Directors actually own and represent a large majority of the stock.

Sir, the three gentlemen so often named by me, are, I have no doubt, aware of that fact at the present moment, and all their talk about having a Board to represent the majority of the stockholders is a mere delusion. If, however, they will not resign, we shall have a remedy in our hands next January at the annual election, and we will take care to use it.

Messrs. Hunt, Field, and Hewitt contend that the affairs of this company are to be managed, not by the Board of Directors and the Executive Committee, but by the stockholders, at public meetings. I can only say that if this Tammany Hall doctrine is to be applied to the complicated affairs of this company the best thing to be done is for the company to sell out to some other company, to be managed on more rational principles.

How the business of the Company to be managed, whether by the Board or at Stockholders Meetings.

Messrs. Hunt, Field, and Hewitt say that the stockholders may, at a meeting at which only two of them should attend, take the press difficulty, if they choose, out of the hands of the directors, and confide its settlement and management to a special officer or committee, or decide in what manner the tariff shall be adjusted, or any other matter of business determined.

These three gentlemen say that, entertaining this idea of the law, they held it to be their duty to call the stockholders together to decide what policy shall be pursued in respect to the monopoly of the foreign news held by the New York Associated Press. And they suggest that the present directors can be got rid of "easily" by a request on the part of the meeting that they shall resign, one by one, so that other persons, indicated by the meeting, may take their places.

Another suggestion is offered by these three gentlemen, viz., that this meeting shall "select three discreet stockholders, of established reputation, as umpires to decide the *matters in dispute between the Executive Committee* and the New York consolidated press."

Before proceeding to examine these propositions, I beg to call the attention of the meeting to the fact that the passage last quoted contains an uncandid statement, calculated, if not intended, to deceive.

The three gentlemen who signed that statement know that the matters in dispute are between the *Board of Directors* and the New York Associated Press, and not, as Messrs. Hunt, Field, and Hewitt would have you believe, between the Executive Committee merely and that association. The board has acted directly upon the matters in dispute. Besides, the Executive Committee can be removed at any time by a majority of the Board of Directors.

The fact is simply this: nine out of the twelve directors have resolved, after great deliberation, to make a certain change in the tariff on press messages sent from New York to Boston. Messrs. Hunt, Field, and Hewitt opposed that change, and now appeal from the decision of the board to the stockholders, and try to make you believe that it is the action of the Executive Committee alone which they complain of. The same misrepresentation is to be found in the advertisement published by those gentlemen in the newspapers, in which they call upon the stockholders to send their proxies to persons who are not directors. That advertisement speaks of "the changes in the tariff, made and to be made, by the Executive Committee." And yet Messrs. Hunt, Field, and Hewitt knew that the changes which had already been made in the tariff had been made by the board, with the assent of nine directors out of the twelve, and that the Executive Committee had been directed to make a report on further changes, to be acted upon by the full board.

It is not surprising that Messrs. Field, Hunt, and Hewitt should advise the stockholders to send their proxies to persons ignorant of the affairs of the company. It was the only chance that those three gentlemen had of success in their policy.

I will now proceed to show that these gentlemen have erred in their view of the law, and that if any mistake has been made they and their legal adviser, Mr. D. D. Field, are responsible for it. Their position is so novel and unreasonable that I can hardly suppose they really believe it to be correct. They

the New York and Washington Printing Telegraph Company. That stock was issued by the directors named in the charter, by virtue of the implied authority given to them by that instrument. We had to effect the consolidation of the various companies in the best way we could, and it was a task of considerable difficulty under the very peculiar circumstances. I do not suppose that the work will bear very rigid criticism in all its parts. But delays were dangerous, and we had to proceed as we did, or abandon the organization under the charter granted by the State of New Jersey.

The charter does not provide for any meeting of the stockholders prior to the annual meeting for the election of directors, but assumes that the place of meeting and the manner of conducting the election will be settled by the by-laws. It was not possible to convene a meeting of the stockholders before the Board of Directors had made a by-law prescribing the mode of convening the meeting, and the place where it should be held. The charter provides, section 6, that the meetings of the stockholders may be held as well out of, as within the State of New Jersey, "at such times and places as may be provided by the by-laws."

This very meeting, sir, is convened under the provisions of the by-laws made by the Board of Directors, and we have no legal meeting now, and never can have any, if those by-laws are invalid.

On the 12th October, 1859, the company was organized by the directors named in the charter—there being no other practicable mode of organizing. Mr. Abram S. Hewitt was elected president, in compliance with the provisions of the charter, which required the president to reside in New Jersey.

At the meeting of the directors on the 14th October, 1859, three of the directors resigned and three other gentlemen from the Magnetic Telegraph Company took their places; and the following resolution was adopted.

"Resolved, That a committee of three be appointed by the president to prepare a code of by-laws, to be submitted to the board for adoption."

The president, Mr. Abram S. Hewitt, thereupon appointed Mr. Barnum, Mr. Purdy, and Mr. Russell, to be such committee.

At the meeting of the directors on 28th October, 1859, the committee on by-laws presented a draft of proposed by-laws. The draft was amended in many important particulars; and there were several divisions, the vote being taken by ayes and nays, and I find Mr. Hewitt's name in those divisions.

When Mr. Hewitt appointed the committee to make the by-laws, he was fresh from his consultations with the counsel of the old American Company, and well posted up in the provisions of the charter and the general law of New Jersey, which is to be found in Nixon's Digest, a book in the hands of almost every farmer and tradesman in New Jersey.

At the first meeting of the stockholders, held in the manner prescribed by the by-laws of the Board of Directors, Mr. Barnum, as Vice-President of the Board of Directors, took the chair, and Mr. Dudley D. Field moved a resolution that an application be made to the Legislature of New Jersey to obtain certain amendments to the charter, one of which was as follows :

“To provide that the stockholders shall be the only authority to make or alter the by-laws.”

It is to be observed that no counsel for the company was appointed until after the by-laws had been adopted. As to the charter and the organization under it, the counsel for the old companies with Mr. Hewitt must be regarded as the responsible advisers, regard being had, however, to the intrinsic difficulties of the attempt to get the various companies together.

In charity I will assume that Mr. Hewitt and Mr. Dudley D. Field in the heat of their party spirit and in their desire to create confusion in the enemy's camp, have forgotten the part they took in this business. There is an old adage that “it is a foul bird that wilfully defiles its own nest.”

But it is not true, as Mr. Hewitt would now have us believe, that our charter is a miserable abortion. The affairs of this company are not to be managed by stockholders' meetings. As stated in the address of the Executive Committee, (p. 5,) “The management of the affairs of the company is confided by the charter and the laws to the directors. It would be impossible for the stockholders to manage those affairs successfully.”

The charter provides that there shall not be less than seven nor more than thirteen directors of the company, and that a majority of the directors shall constitute a quorum for transacting business.

The New Jersey Act of 1846 declares that "every corporation as such shall be deemed to have power."

1. To have succession by its corporate name.
2. To sue and defend.
3. To use a common seal.
4. To purchase such real and personal property as the purposes of the corporation shall require.
5. To appoint such subordinate officers and agents as the business of the corporation shall require, and to allow them a suitable compensation.
6. To make by-laws for the management of its property, the regulation of its affairs, and for the transfer of its stock.

This does not mean that the incorporators at large must exercise these powers and that meetings of stockholders must be called to authorize actions to be brought or defended, or to authorize contracts to be made and the seal of the company to be affixed thereto—or to authorize the purchase of poles, wire, insulators, stationery, or acids, or to appoint operators and line men, or to make regulations for the management of the business which is to be managed by the directors.

The charter authorizes the directors to transact the business of the company. It follows that they can exercise all the powers vested in the corporation except such as are in terms or by necessary implication conferred upon the stockholders.

The directors having the power to manage the business of the company have the incidental power of making rules and regulations for that management. These rules and regulations we call by-laws. They may be altered from time to time by the authority which has made them.

It is laid down in general terms in treatises on the law of corporations that the incidental power of making by-laws like every other incidental power of the corporation is to be exercised by the members of the corporation at large "in the same manner in which the charter may direct them to exercise other powers or transact their general business." When the general

might be repealed, altered, or disregarded by any subsequent meeting, for the same power which makes by-laws can repeal them.

Responsibility of Messrs. Hunt, Field, and Hewitt, as Directors. Messrs. Hunt, Field, and Hewitt tell us, in the concluding sentence of their address, that they make this appeal from the majority of the Board of Directors to the stockholders, "to free themselves from the responsibility and odium which will inevitably fall upon the authors of the ruin of a now prosperous corporation," which, they think, can remain prosperous only so long as D. H. Craig shall permit it to be so.

It could not be necessary for the three gentlemen to drag all the affairs of this Company before the public and get them published in the newspapers, for the mere sake of freeing themselves from responsibility as Directors. They shared that responsibility with their colleagues whom the stockholders entrusted with the management of their affairs. The majority of the Board had the right to decide what policy should be pursued, and the talk about the responsibility of the minority for the decision of the majority, is mere nonsense, intended to cover up the real motives of this factious movement.

Alleged misstatement in the Executive Committee's pamphlet. The postscript to the manifesto asserts that the address of the Executive Committee "abounds in misstatements." I defy the gentlemen to establish that assertion, and I maintain that they cannot show a single statement in the address either intended or calculated to mislead. The only alleged error pointed out by Mr. Hewitt was the statement on page 4, that Mr. Peter Cooper "sold out more than a year ago nearly the whole of the stock held by him in the old American Telegraph Company. At the same time he retired from any active participation in telegraph affairs upon the ground that he could not attend to them."

Mr. Hewitt says that Mr. Peter Cooper (who is his father-in-law) did not sell the stock but *gave* it to him and to Mr. Edward Cooper. They sold all the stock thus given to them to Mr. Morris and myself. We had a good reason for speaking of the transfers of the stock from Mr. Peter Cooper to his son and son-in-law, as

having been made upon a sale, for the transfers are in writing in the office of this Company, and purport to be for value received and not mere gifts.*

Mr. Raymond has explained to us the character and objects of the New York Associated Press, and has criticised the remarks of the Executive Committee on that subject. He has quoted repeatedly from our pamphlet, but I beg to call your attention to the fact that he has carefully avoided noticing that part of the pamphlet wherein the Executive Committee point out the odious character and results of some of the rules of that Association.

Mr. Raymond's statement of the character and objects of the N. Y. Associated Press.

Mr. Raymond has declared to this meeting that the News Association has not a single feature characteristic of a monopoly about it. He says it is nothing but an association of several journals to share and thus lessen for each the expense of obtaining telegraphic news.

Now, sir, I have no objection to any association of that sort. Mr. Raymond knows that the Executive Committee neither expects nor desires to prevent such associations. He has quoted from page 12 of the pamphlet the following words: "This Company certainly does intend to break up the monopoly of

* Messrs. Hunt, Field, and Hewitt have sent a copy of their manifesto to each stockholder, with a Circular dated New York, July 17, 1860.

Reply to the circular of Messrs. Hunt, Field and Hewitt.

In that circular those gentlemen reiterate their old fallacies and erroneous assumptions. For taking the circular, in connexion with the manifesto, it is evident they are assuming that the Board of Directors are "forcing the newspaper press into an attitude of hostility" merely because the Board refuse to let the Agent of the New York Associated Press (which is far from being "the newspaper press" of the whole country) dictate to and control the Company.

Those gentlemen say that our contract with the telegraph companies can only be broken up by our "forcing the newspaper press into an attitude of hostility." We are not going to force "the newspaper press" into such a position. On the contrary, we intend to *liberate* "the newspaper press" from the yoke of D. H. Craig and the New York Association, and we do not care a straw about the hostility of that association, backed up as we shall be by the press of the country at large and the commercial community.

I hold that the success of the Company can be seriously impaired only in one way, viz., by allowing the consolidation of the telegraph companies to be the means of consolidating the power of D. H. Craig, and thus placing the American Telegraph Company at his mercy a year or two hence,

the foreign news enjoyed by the Association." The words immediately following are these :

"This Company neither expects nor desires to prevent associations of the press for the supply of news by Telegraph. On the contrary, the Executive Committee have uniformly declared their intention to fulfil the covenant with the Magnetic Telegraph Company to supply facilities for rival associations of that character."

The odious
regulations
of the N. Y.
Associated
Press.

There is, sir, a feature characteristic of a very odious monopoly in this New York Association, and Mr. Raymond knows very well what I refer to, although he has not deemed it prudent to notice it. It is very distinctly stated in the pamphlet of the Executive Committee, in these words, (p. 24) :

"By virtue of that monopoly, the Associated Press of New York secures the exclusive possession and control of the European news, which *it sells out to the Press* all over the country. *No press is allowed to receive this news* unless it will submit to the rules of the Association ; one of which rules *forbids the reception of news except through the Agent of the Association.*"

Mr. Raymond could not possibly have lost sight of that passage, and of the remarkable declaration of the Executive Committee on page 35 :

"Arrangements can easily be made whereby the Press of the whole country can be far better supplied than it is now with the foreign and domestic news, and that by means of associations of its own, under the active control of its own representatives, without any such despotic regulations as those of the New York Associated Press, *forbidding the reception of news through any other channel than D. H. Craig*—regulations calculated to create and perpetuate the most odious monopoly that the wit of man could devise."

"Not only can vastly superior arrangements be made for the supply of the public news, but the cost to each paper would, in most instances be even less than what is paid now to D. H. Craig for inferior matter. The Press of the whole country outside of New York city can obtain relief from a disgusting tyranny, and the public at large be rescued from the machinations of speculators who, under the present system, obtain and use for their own benefit, the earliest intelligence affecting the value of stocks and merchandise."

Mr. Raymond has quoted freely and frequently from the pamphlet, but whenever he has come to a passage speaking of regulations of the New York Association which are designed to prevent the public from obtaining any other version of the news than that which Mr. Craig supplies, then Mr. Raymond stopped short.

Now, this is somewhat uncandid on the part of Mr. Raymond. He knew what we complained of, but did not meet the difficulty. If the New York Association would abrogate the regulations in question, we should have no cause of quarrel with that Association.

The immediate effect of such abrogation would be, that the newspaper press in various parts of the country, would take additional telegraphic messages containing the foreign news; associations would be formed, in and out of New York, to collect that and other news, and in some cases the great papers would have special dispatches containing foreign news for their columns alone. Our Eastern lines would then pay handsomely, instead of being a dead weight upon the Company, and no longer pointed out in the following passage in the pamphlet of the Executive Committee (page 26) would be avoided:

Of course there will be associations for the supply of Press news, but what this Company wants to prevent is the monopoly of the news by a *single association*. It is very clear that *if we do not interfere, and allow this monopoly to go on increasing in strength from day to day*, we shall soon find ourselves dependent for existence on the mere will and pleasure of the agent or manager of the news monopolists."

If any single individual or party can obtain and keep the monopoly of the foreign news, he or they will be able, in a short time, hence, to destroy the American Telegraph Company. It is very probable that the Western Telegraph Company would offer any resistance to a party controlling the foreign news, but would, if required so to do, give all their business to lines controlled by that party."

I will now read, sir, the rules of the New York Associated Press, which were designed to and which have actually created the most odious and the most dangerous monopoly of the press-day.

The rules of
the N. Y. As-
sociated
Press.

The Association was established, in its present form, on the 21st October, 1856, by the representatives of seven newspapers in New York City, viz.: The *Journal of Commerce*, The *Express*, The *Herald*, The *Sun*, The *Tribune*, The *Courier and Enquirer*, and The *Times*.

An Executive Committee was appointed, viz.: Mr. George H. Andrews and Mr. Frederick Hudson.

Article 4 reads thus—"No new member shall be admitted to this Association without the unanimous consent of all the parties hereto, but the *news obtained may be sold to other parties* for the general benefit of the association, on the vote of six-sevenths of its members."

It is not true, as often represented, that all the leading newspapers in Boston, Philadelphia, Baltimore, Washington, &c., are members of this association—they are only customers of the association.

The articles provide for the appointment of an agent, whose duty it is to receive all telegraphic communications for the association and transmit them immediately by manifold copies to each of the parties who may be entitled to receive the same.

Agents or correspondents are to be appointed at Washington and at Albany, to furnish by telegraph, or otherwise, the Congressional and Legislative proceedings, and correspondents are to be appointed at such other points as may be designated by the Executive Committee.

Articles 9 to 15, and part of article 22, read as follows:

IX. All news received by telegraph shall be sent to the offices of publication without unnecessary delay, *but its delivery or publication may be withheld until a specified hour*, by direction of the Executive Committee through the agent of the association.

X. The supervision of the arrangements to be made by the agent of the association shall be entrusted to the Executive Committee, who shall make all necessary regulations for the reception of news, and whose contracts shall be binding on the

association. They *shall designate the time of the publication of the foreign and other telegraph news, and the terms of sale of news to parties out of the city.*

XI. *All European and California news, and all election returns received by special express or telegraph, obtained by any member of the association, shall be the common property of all the members* who may desire to make use of it, and the expense assessed upon the members who so use it, in equal proportions, and all such news, together with all other news, except as specified in the XIIIth, XIVth, and XVth sections, *shall be immediately handed over to the agent of the association, to be copied and delivered to the several papers of the association, in the same manner as other telegraph news is delivered.*

XII. *No party receiving news from this association shall enter into any arrangement with rival telegraphic news agents, in this or any other city, or with any person in their employ, nor shall they receive from them any telegraphic news from Washington, Albany, or any other part of the country, nor shall such parties, nor any persons not connected with this association, be permitted to avail themselves of the facilities of the association for the reception of California or European newspapers, circulars, or other intelligence, arriving at this or any other port.*

XIII. No member of the association, and no party receiving news from the association, will be permitted to receive *regular telegraphic dispatches* from his own private correspondents, nor can he make *arrangements* to receive any special news by telegraph without first informing the other members of the association, and tendering a participancy in it to him. From this restriction are excepted reports of conventions, political meetings, trials, executions, public dinners, sporting intelligence, and the legislative proceedings of other States. *Any member* can order through the agent of the association special items, or telegraphic reports; but these items or reports so ordered must be *tendered to each party to this arrangement* and paid for, the parties accepting the same, or any portion thereof.

XIV. Dispatches received from a *resident editor* or *resident reporter* of any one particular paper connected with, or supplied by the association, can be used by that paper for its own sole use and benefit; but news thus received, it is understood *must not be contracted for* by any previous arrangement.

XV. It is agreed that news originating in Washington City and Albany, shall be excepted from all the foregoing rules, and each paper is at liberty to receive telegraphic dispatches from its own correspondents there, and publish the same for its own use and benefit.

XXII. No member of the association shall disclose any portion of the news received by the same, *until the time designated for its publication* by the Executive Committee, except in posting the arrivals of vessels on a bulletin.

It will be readily seen, that the great object of these rules, is to secure to the seven New York papers the control of the news, so that the seven members of the New York Association may sell out such portions of the news as they please on such terms and conditions as they please to the outside papers, and keep them and the telegraph companies in a state of complete subordination. To this end it is provided, that the customers of the association shall not be allowed to procure certain kinds of news of the most important character from any other source. The association tells its customers that it must not deal with anybody else, and as matters now stand the prohibition is effective.

The public
confined to
Mr. Craig's
version of
the foreign
news.

The subjection in which the Press of this country is held by these regulations is utterly disgraceful to the nation. No paper receiving news from the New York Association dare to publish a piece of foreign news transmitted by telegraph other than that supplied by Mr. Craig. His version of the news and no other, must be disseminated throughout the country by telegraph. The report of the state of the foreign markets, which he may choose to have made up, goes into every paper. It may be bogus in many important particulars, but no correction

out the news to and domineering over the Press of the
ties, but in return for this, they have to give up im-
advantages, and to occupy a contemptible position.

New York *Herald*, for example, publishes special tele-
dispatches, containing the debates in Congress; that
is not confined to the common dish served up for all
ers alike, but when it comes to the *foreign news*, it
y give its readers Craig's dispatch, which appears alike
penny papers of the city of New York and in the
of many of the "rural journals."

aper belonging to the New York Association, or taking
om the same, should dare to publish a telegraph mes-
m Halifax or Cape Race, not supplied through Mr.
hat paper would be expelled from the Association, or
d thereafter of the news supplied by the agent of that
tion. No daily paper could continue long to exist under

. But if the New York *Herald* and other papers were
to publish special foreign reports, numerous versions
ews would be sent by different reporters; some of the
ould vie with each other in the fulness and complete-
their reports, and in the style of the same; our lines in
New Brunswick, and Nova Scotia would cease to be
lines, starving upon a single message sent by Mr. Craig
week or once a fortnight, for a miserable compensation,
; accompanied, too, by gross and brutal insults.

wretched system is too absurd to be tolerated by a high-

How the monopoly of the foreign news has been kept up.

I will point out some of the difficulties which have heretofore prevented the destruction of this monopoly of the foreign news. Many newspapers throughout the country have been restive under the infliction, but have had finally to succumb. They could not do without the earliest foreign news, and they could not get it except through Craig, in consequence of his arrangements with the Telegraph Companies, and the effect of the rules of the New York Associated Press.

Suppose, for example, a number of papers to associate together to get telegraph dispatches, containing foreign news—for this act of rebellion they are liable to be banished at once from the list of dependents of the New York Association. In that event, the rebels may have their property destroyed altogether, if their arrangements for securing the foreign news as early as their competitors may get it from Craig, should happen to be defective. But for the rule of the Association, that papers taking the news from them shall get none elsewhere, many news reporting arrangements would have been made. That rule has prevented the desired action—the arrangements made by Craig to secure the control of the Eastern Telegraph lines, would not alone have resulted in a monopoly of the foreign news in his hands.

The telegraph line was extended to Halifax upon the faith of an undertaking entered into by the agent of the New York Associated Press, to take three thousand words on the arrival of each mail steamer at that port, and to pay at about double the ordinary rates of tariff. Any other Press agent would only have had to pay a single rate, but the arrangement between the Nova Scotia Telegraph Company and the agent of the New York Association, gave the latter advantages over all rivals. Whilst that contract existed, it would have been futile for any newspaper in the United States to attempt to get the foreign news from Halifax until the agent of the New York Association had got his message through. There was but a single wire, and the message could be spun out to any length so as to occupy the wires continuously—six, twelve, or any greater number of hours if required.

But in May, 1859, the agent of the New York Association having refused to fulfil his contract with the Nova Scotia Com-

pany, that company made another contract with Messrs. Johnson & Zabriskie, by which they obtained the exclusive use of the Nova Scotia lines for the transmission of the European news. The contract was in form different from the former one, but was in effect and for all practical purposes the same, so far as relates to the exclusive use of this line for the purpose in question.* Messrs. Johnson & Zabriskie proposed to supply the newspapers throughout the country with the foreign news, and were supported by the entire Press of Philadelphia.†

The stoppage
of rival press
messages at
Sackville.

* The following letter to the Superintendent of the Nova Scotia lines, shows that Mr. Craig so construed the contract :

Halifax, 6th Feb.. 1850.

F. N. GIBBONS, Esq. :

Dear Sir,—I respectfully notify you, that should public or private dispatches be allowed to reach Boston in advance of the dispatches to the Associated Press, we shall not hold ourselves bound to pay this line the sum of seventy-five dollars tolls, nor any other sum, as it must be obvious to you that our dispatches would be of little or no value to the Associated Press, in case other reports of the leading features of the news are allowed to arrive at Boston and New York in advance of ours.

Mr. Craig's
demand of
absolute pri-
ority.

Respectfully, &c.,

D. H. CRAIG,
Agt. N. Y. Ass'd Press.

† This fact is shown by the following communication.

PHILADELPHIA, July 9th, 1850.

A. S. HEWITT,

President American Telegraph Company,

Dear sir,—The course pursued by your company in detaining the foreign dispatches of Messrs. Johnson & Zabriskie, telegraph reporters for the Press, in order that another party may have the preference, does not meet with our approbation. We hope the company over which you preside will see the importance of having their dispatches for us forwarded immediately after their reception in your office at Sackville. The arrangement at present is very unsatisfactory to us and must be very prejudicial to the public interests.

Yours truly,

FRED. W. GRAYSON & Co., *Evening Journal*.

J. R. FLANIGEN, *Daily News*.

JESPER HARDING & SON, *The Inquirer*.

J. STEVENS & Co., *Evening Argus*.

DR. E. MORWITZ, *Morning Pennsylvanian*.

HOFFMAN & MORWITZ, *German Democrat*.

CUMMINGS & PEACOCK, *Philadelphia Evening Bulletin*.

M. McMICHAEL, *North American*.

J. W. FORNEY, *The Press*.

JNO. S. JACKSON, *Sunday Transcript*.

GEO. G. THOMAS & Co., *Sunday Atlas*.

LAWLER, EVERITT & HINCEN, *Sunday Dispatch*.

SWAIN & ABELL, *Public Ledger*.

JONES & MCGILL, *Sunday Mercury*.

Before this some of the Philadelphia papers, viz.: *The Inquirer*, *The Journal*,

But they could not get their messages through to New York; the old American Telegraph Company refused to send them.

If those messages had been forwarded as they ought to have been by the American Company, the monopoly of the New York Association would have been at once and for ever broken up.

Mr. Craig, however, with Mr. Wilson G. Hunt, had influence enough in the Board of Directors to induce that body to fly to the rescue of the New York Association, and boldly to defy the law and disregard the obligations which the Company owed to the public, and in consequence of that intervention Mr. Craig obtained a complete triumph.

Let us see, sir, what reasons were put forth for this extraordinary conduct of the old American Company.

Imagine, sir, a dispatch sent by Messrs. Johnson & Zabriskie from Halifax to Sackville, where the lines of the American Company commenced—a dispatch containing most important news from Europe—the agent of the American Telegraph Company says, “I am ordered not to send it—we expect in ten or twelve hours from this time that Mr. Craig will get a dispatch in this office, which he has sent, or will send by horse express; and we mean to send that dispatch over our lines, and not yours.”

The audacity of this performance is unequalled. Mr. Abram

The North American, and *The Press* tried to get up a permanent opposition to the New York Associated Press, as will be seen by the following paper,

PHILADELPHIA, December 21st, 1858.

We think it necessary for the interest of the press of this city that a permanent opposition should be sustained to the New York Associated Press. We can by this means get more reliable reports, and be better served. In order to do this we will join with our brethren of the press, if they will all combine, and pay the extra ten dollars per week for Congress reports to Messrs. Carr & Johnson, of this city, instead of paying, as at present, that amount for the reports furnished by the New York Associated Press, commencing on Monday next.

JESPER HARDING & SON.
FRED. W. GRAYSON & CO.
M. McMICHAEL.
J. W. FORNEY.

S. Hewitt was the President of the American Company at that time, and there are but few men, besides him, who would have dared to withhold from the people of this country, for ten or twelve hours, the intelligence which they had a right to receive, and which might be of the utmost importance, not only to individuals but to the community at large.

I find published in the New York *Herald*, of June 4th, 1859, some correspondence on this subject. From that we shall learn what arguments were urged by Mr. Hewitt in support of this proceeding.

The first letter to which I shall refer is one dated June 3d, 1859, addressed to the N. Y. Associated Press by the old American Telegraph Company, through their Secretary.

In that letter the action of the Company is defended upon the ground that it was authorized by the law of New York to make preferential arrangements in favor of newspapers; that the Nova Scotia Company "had given a preferential and exclusive contract to *private parties* for the right to transmit the foreign intelligence;"—that the American Company would not sanction so odious an arrangement, and therefore had "instructed their agents not to transmit over their lines any foreign news which reaches their office at Sackville by telegraph, until after the news is received there by other modes of transmission."

Priority of
Press Mes-
sages.

The first part of this letter runs thus :

"GENTLEMEN,—Ever since the establishment of telegraphic lines of communication in this country, the fundamental rule for their use by the public has been that messages shall be transmitted in the order of their reception, and that no preference shall be allowed in the transmission of dispatches. The only exception to this equitable and indispensable rule has been in favor of news intended for publication in the newspapers, and therefore regarded as the property of the whole community. Telegraph companies organized under the laws of this State are allowed to make such preferential arrangements, and no other. The public have a peculiar interest in the foreign news, which usually comes to us by way of Halifax, or St. John's, N. F. For some years the arrangements of the Associated

Press have secured to the public at large the foreign news in advance of any and all private advices whatever."

In another letter, from the American Telegraph Company to the Secretary of the Nova Scotia Company, dated New York, May 17th, 1859, I find the following passage:

"By the laws of this State, and the settled practice of telegraph companies, the Press are fairly entitled to the preference in obtaining the steamer's news, in order that speculators may not operate at the expense of the public. It is alleged, and you do not deny, that you have agreed to give a preference in the transmission of the foreign news to a private party. This arrangement is not only unreasonable but unjust, and it is rendered particularly objectionable at this time by the excited and interesting state of foreign affairs. If this Company should transmit such dispatch in advance of the public news, it would become a participator in the wrong."

The law of New York makes it the duty of telegraph companies to transmit all dispatches in the order in which they are received, "provided, however, that arrangements may be made with the proprietors or publishers of newspapers for the transmission for the purpose of publication of intelligence of general and public interest out of its regular order."

Illegality of
the conduct
of the old
American
Company.]

It is very right and proper, sir, for telegraph companies to give priority to dispatches for the press, because of their great importance to the public. The welfare of the public is of paramount consideration.

The American Company might have been justified in giving a preference to a message for the New York Association over one for Messrs. Johnson & Zabriskie, on the ground that the former more fully represented the newspaper press than the latter—if such was the fact. That is to say, the message of Messrs. Johnson & Zabriskie might, on that ground—if the fact were as supposed—be set aside, although received first in the office. All private messages lying ready to be sent, or sent already in part, may be set aside in order that the publication of intelligence of general and public interest may not be delayed.

But it was a monstrous perversion of the law to hold that because the message for Johnson & Zabriskie was to be treated

as a private message it might be detained in order to give priority to a press message not yet received by the company for transmission. The company might, when transmitting the so-called private message, have broken off before completing it, so as to send a press message immediately, but the company could not rightfully say to any party tendering a message, "We will not send it, because we expect another party to send a message of the same nature to-morrow, or ten or twelve hours hence." One who is in the habit of jumping to conclusions without taking the trouble to think, might assume that the New York statute which I have quoted authorized such a mode of doing business, but it is inconceivable that a lawyer, even one better qualified to take part in political scrambles than to examine legal questions, could deliberately put such an absurd construction upon the law.

Mr. Abram S. Hewitt has often contended that the conduct of the company was perfectly legal, and Mr. Dudley D. Field has told this meeting to-day, that the Executive Committee, in settling the action of Johnson & Zabriskie, *chose* to pay out the money of the company without a particle of right, and he evidently assumed that those gentlemen had no claim against the company.

On the contrary, sir, I regard the action of the company as absurd, illegal, and even criminal; and, in my opinion, the Directors who authorized the detention of the public news at Sackville, in the manner I have described, ought to have been indicted for the offence.

If the offence had been committed in this State, Mr. Hewitt would have been brought under the operation of the New York Statute, which declares the wilful refusal to transmit a telegraph message to be a misdemeanor, and provides that the offender, upon conviction, "shall suffer imprisonment in the county jail or workhouse in the county, where such conviction shall be had for a term of not more than three months."*

* A pamphlet published in 1859 by the Nova Scotia Telegraph Company, contains the correspondence on the subject of the discontinuance of the contract between the Nova Scotia Company and Craig. The following abstract of important portions of that correspondence shows the nature of that contract; it also ex-

Mr. C. W. Field has told the meeting that the profits upon the amount originally invested in the construction of the Mag-

poses the misconduct of the agent of the N. Y. Associated Press, and the complete subserviency of the old American Company to his dictation

Extract from letter dated Halifax, May 10th, 1859, from J. C. Cogswell, President of the Nova Scotia Telegraph Company to Peter Cooper, President of the American and Newfoundland Telegraph Companies:

The preference enjoyed by Craig under his old contract with the Nova Scotia Company. "The original agreement with the Associated Press was made in 1850 by the Government of Nova Scotia, and under it the Press contracted to send over our wires 3,000 words, on the arrival of each regular mail steamer, for the sum of \$75. The Government lines passed into the hands of the Company, and, in November, 1853, notice was given to the Associated Press that the price of news would be raised. After some negotiation and some complaint on the part of the Press the terms were agreed upon. In the letter from the Associated Press consenting to pay the \$150, one special proposition, made by themselves, was, that six months' notice of termination should be given.

"All went on well enough till in July, 1858, the Cunard steamship *Europa* passed Newfoundland, and news received there by her was sent to New York. On the arrival of the *Europa* at Halifax, soon after, the Press agent refused to send the usual 3,000 words on the ground that it had lost its value. The same thing has occurred twice or thrice, since,—the Press refusing to pay—our Company claiming the full amount.

"We conceive ourselves justified in so claiming on the simple ground that, by its agreement, the Press contracted to send 3,000 words upon the arrival of the Cunard steamers, and under that contract we have always faithfully held our wires at their disposal. We have refused large offers for preferential messages, holding ourselves bound to Mr. Craig."

Extract from a letter of the Executive Committee of the Nova Scotia Telegraph Company to D. H. Craig, dated Nov. 16th, 1853:

"I am instructed by the Executive Committee to give notice that upon the close of the current year, they cannot continue to send the steamer's dispatch to the Associated Press upon the terms on which it is now sent. This *preferential* dispatch monopolizes the trunk line of the Company usually about half a day, thus wholly excluding, during that time, other business which the Executive Committee believe would be more profitable to the Company. * * *

Under all the circumstances, the Committee consider they cannot, after the commencement of the incoming year, continue to send a *preferential* dispatch to the Associated Press, on the arrival of the English steamer, at a less rate than *one hundred and fifty dollars* for each dispatch of 3,000 words. The sum at present received is not a remuneration to the company for sending such a dispatch. Other parties are willing to give the greater sum *for the preference now allowed to the Associated Press*, but the Committee wish to give that Association the option of accepting or rejecting these terms."

Extracts from letter from D. H. Craig to J. C. Cogswell, President of the Nova Scotia Telegraph Company, dated May 3d, 1859:

"We are accustomed to deal with telegraph gentlemen who are above the despicable tricks we have reason to believe you and your associates are about to resort to." * * *

Craig's attack upon the Nova Scotia Directors and officers. "Your assertion that you broke off with us because we would not act harmoniously or because of any improper or discourteous language to you is entirely *destitute of truth*, as what I have before stated proves conclusively. It strikes me that gentlemen of honor occupying the highly responsible position you and your associates do, would hardly *stoop to the trickery* you openly acknowledge to be your future management of your lines; for ourselves we scorn to follow your *base*

Company's line are very large, yielding now, I think he to the fortunate stockholders thirty-two per cent. per

2. Our arrangements are now, as they before have been, open and above board. We shall endeavor to place the steamers' news in your office in advance of other parties for the future as we have *done for the past ten years*, and we expect you will send it ahead. We have no favors to ask of you, and would not accept from a telegraph company so lost to every sense of decency as to publicly, at least in effect, that it will discard all honorable and open rules of business, known among telegraphers, and resort to trickery and the Peter Funk

act from telegram from D. H. Craig to F. N. Gisborne, dated New York, May 2d, 1859 :

2. of the Fog Smith thieves has reported that you have assured your Boston friends that the Newfoundland Company have violated their contract with the Scotia Company, and that the agreement of 1855 has been superseded. You, and the stupid people who are putting you forward to make a fool of you, know that that statement of yours is a *base lie*, and you may be sure that other people have now got their eyes open, and will not take your word or

act from letter from W. H. Wiswell, Secretary of the Nova Scotia Telegraph Company, to John Hunter, agent of Mr. Craig, dated Apl. 30, 1859 :

to your remarks about our not being allowed to enter into arrangements with other parties, for sending *preferential* dispatches, the committee hardly understood them. You yourself, personally, and also on behalf of Mr. Craig, make proposition for transmission of such preferential dispatches. Such preferential has been given to the New York Associated Press for years. It was given by the Government of Nova Scotia, when it owned the lines, and was continued by the company on its assumption of the rights and liabilities of the government. It is strange that you should now hint at contesting the legality of proceedings in which you and your friends have participated in for a great length of time, which yourself and Mr. Craig have offered to renew, and the principal objection to them, therefore, seems to be, that they are to be enjoyed by others."

act from a Circular of D. H. Craig, dated New York, May 10th, 1859 :

do not think it at all necessary to make any public reply to the scandalous attacks of Johnson & Zabriskie, and of their half dozen beggarly newspapers, who have been excluded from our news arrangements because of their refusal to pay their weekly telegraph bills; but I comply with your request for a statement of our present troubles with the Nova Scotia telegraph man-

Craig's statement about the Philadelphia Press.

the line to Halifax was built some ten years ago, for the special accommodation of the Associated Press of this city, as is evidenced by the fact, that, before the telegraph would proceed to build the line, they exacted from the Association a pledge that they would use the line for at least three thousand words on the arrival of every new regular steamer at Halifax. The rates agreed upon for the use of the Nova Scotia line from Halifax to Sackville (about one hundred city miles), were about double the rates charged to the public, their proportion of the whole tolls amounting to seventy-five dollars for each dispatch. Thus, the peculiarity of our arrangement with the Nova Scotia line was, we paid about double the rates which they charged to the public, and we had a right to pay the wires continuously from the moment our report reached the telegraph office until it was all sent through to this city. But, if other parties got their reports to the office in season to get them off before ours arrived, the line was ready to send them; and this actually happened on two occasions during the last year."

Craig's statement of the purport of his Contract with the Nova Scotia Company.

annum upon their original investment. Let us assume it to be so—what inference can we properly draw from that fact?

It will thus be seen that, under the contract between the Nova Scotia Company and the agent of the Associated Press, the latter enjoyed a complete preference—that is to say, he “had a right to occupy the wires continuously from the moment” he put his report in the office of the Telegraph Company at Halifax. If the agent of another Press Association should get to the office first, the Company would begin to send his message, but would leave off the moment that Mr. Craig should send in his message. This, of course, effectually prevented any arrangements being made by rival reporters or agents to prepare and transmit news reports from Halifax. It differed only in form from a contract giving the exclusive use of the wires for a given number of hours after the arrival of the steamer in the port of Halifax.

It is true that if other parties, getting their reports in the office first, could “get them off” before the arrival of Craig’s message, the Company would be legally bound to send them. Only a very short message could thus be got off, *i. e.* finished, before the receipt of Craig’s message. That message took five or six hours to transmit. But we have seen that Craig declared that he would not pay anything if any message should reach the United States before his.

It is clear that Craig’s contract was for a *preference*, and that it was justified on account of the superior importance of public intelligence.

Subserviency of the old American Company to Mr. Craig. The positions assumed by the old American Company were inconsistent and ridiculous. Its President was made to contend at one and the same time for the two antagonistic propositions—that the first come should be first served, and that Press dispatches should have priority. The rule, “first come first served,” got into favor with Mr. Hewitt when he was assured that Craig could get along very well if he could get rid of the contract by which Johnson and Zabriskie’s messages for the Press had priority just as his, Craig’s, used to have. It was supposed that the rules of the New York Associated Press, forbidding its customers to receive any foreign news by Telegraph, except through its agent, could be preserved, and the monopoly of the New York Association kept intact if Johnson & Zabriskie could be thwarted. *It was feared that the monopoly might be destroyed by the very means by which it was created.* In this emergency, the cry, “first come first served” was set up, and the American Company was instigated to demand of the Nova Scotia Company the admission of an agent of the former into the office at Halifax to see that no preference was given to Press or other dispatches, but that the rule first come first served, was fully abided by. This demand was of course rejected with scorn.

The American Company, in a letter dated May 25th, 1859, to the President of the Nova Scotia Company, say: “We merely insist that a preference over our lines shall not be given without our consent, nor to any parties who are not by law authorized to have such preference.” Thus assuming that a preference given by the Nova Scotia Company was a matter over which the American Company had control. To this the Nova Scotia Company shortly replied, “We have given no preference over your lines. We only claim the management of our own.”

No proposition, no reasoning, could be too audacious or too absurd for the co-laborers of Craig to put forth in the name of the American Company. And the

The stock of the Magnetic Company represented its lines from New York to Washington, and its rights under certain

The position and prospects of this Company—the value of its property, connections, and privileges.

declaration contained in Mr. Hunter's letter of April 8th, 1859, that if the Nova Scotia Company would not give him either the same contract for a preference which the Associated Press of New York formerly had, or the other contract mentioned in his letter, no news whatever would pass over the wires of the Nova Scotia Company to the American Press, was acted up to by the American Company.

Mr. Peter Cooper was made to believe that it was very wrong for the Nova Scotia Company to make any contract with Johnson & Zabriskie, whereby they had priority.

Mr. Peter Cooper was President of the American Company when the controversy arose. He was soon after succeeded by his son-in-law, Mr. Hewitt. Both of those gentlemen appear to have been profoundly ignorant of the fact established by the documents which I have set out, that Craig's contract with the Nova Scotia Company gave him a priority, and that by means of this privilege and the rules of the Associated Press of New York, he had succeeded in gagging the people of the United States, and forcing them to accept his foreign market report, and his version of the foreign news, without addition, contradiction, or explanation.

Mr. Peter Cooper held \$30,000 of the Stock of the old American Company, whose stock was \$200,000. That Company took a lease of the Maine and New Brunswick lines, and then purchased the claim of Craig and his two partners to the Telegraph line from New York to Boston. Craig took stock of the Company for his interest in the old line. The Company of which Peter Cooper was President was in reality influenced by Craig, as much so as the old line was before he assigned it to the American Company.

The stock of the old American Company taken by Craig in the name of Mr. Hyde, was paid for out of the proceeds of the sale of Craig's one-third interest in the old line from New York to Boston, (for which he paid nothing). He obtained about 160 shares of \$100 each in that way, which he put in the name of his wife.

In the course of the discussion respecting the stoppage of the messages of Johnson & Zabriskie it was stated, amongst other things, that Craig was the owner of a considerable amount of stock of that Company, and that he exercised an undue influence over its Directors. Mr. Hewitt, in a reply published in his own name in the *New York Evening Post*, dated July 7th, 1859, after first asserting that the American Company had given no preference to the agent of the Associated Press, and then defending the preference given to him on the ground that interference was necessary to prevent the "disgraceful and disastrous result" of the preference given by the Nova Scotia Company to Johnson & Zabriskie, goes on to say, "I have examined the Stock Ledger of the Company, and find that the agent of the Associated Press is not, and never has been, a Stockholder in this Company." That statement is literally true, yet some shares then stood in the name of Helena Craig, the wife of D. H. Craig.

Mr. Hewitt took the office of President of the old American Company in 1859,

leases. What profits would it have made without *its lease* of the line from Washington to New Orleans? Supposing the Mag-

By what authority the messages were stopped at Sackville. merely to relieve his father-in-law from the performance of its duties. Mr. Hewitt did not like the investment of his father-in-law in Telegraph stock—knew nothing about the Telegraph business—cared nothing about it—and took the earliest opportunity of selling out the stock held by himself and his relatives, as already stated above. He rushed at once into the arms of Craig, and did exactly what Craig wanted to be done. This was, as I believe, to gratify Mr. Wilson G. Hunt, and not from any improper motive. Although the lines of the American Company were worked at this time in conjunction with the lines of the New York and Washington Company, and all were under the control of trustees appointed by the two Companies, the three trustees who represented the New York and Washington Company (I was one of them) were never consulted about the stoppage of the messages at Sackville. The reason given by Mr. Hewitt was, that he knew I would strongly oppose that course of proceeding. I was consulted about *all other matters* affecting the joint interests. As there was no complete union of the lines—we were waiting for the Magnetic Company to join us, and in the meantime were acting under a contract for consolidation to be perfected in legal form thereafter—I had no *legal* right to interfere, and Mr. Hewitt did just as he pleased in the matter, acting on behalf of the old American Company. The resolution directing the messages of Johnson & Zabriskie to be stopped at Sackville, was adopted May 13th, 1859, (although no record of it can be found,) by the bare quorum of the Directors of the old American Company in the absence of Mr. Alden. That gentleman, as I am informed, knew nothing about the resolution in question until some time after it had been adopted and enforced. He was not consulted at all about it.

Craig's position as agent of the N. Y. Associated Press. It will be observed that Craig, in all his conduct and correspondence, assumes a *masterful air*; he does not talk and act like a mere agent of the Associated Press, but as a dictator. He contrived to obtain controlling interests in an essential part of the lines of telegraphic communication with the East, possessed himself of the most important lines over which marine intelligence is transmitted—coupled them with reading-rooms resorted to by shippers and agents of marine insurance companies; and in various other ways made himself indispensable to the New York Associated Press. He has, in fact, built up that Association, and it is completely under his control. His position is one of commanding importance. As the foreign news is received first by him in cypher, to the exclusion of any body else, he could, with adroit colleagues, make vast sums of money in speculations. I leave the reader to judge, from the style of his correspondence, whether he is the right sort of a man to be entrusted with the possession of the foreign news in advance of every other man in this country. No one man could have that advantage if the system established by the rules of the New York Associated Press were abrogated. Under that system there can be but one telegraphic message for the Press containing the foreign news. And yet Mr. Raymond tells us that that *very system* was got up to protect the public, and that it answers the purpose. On the contrary, it appears to me that it is only by competition that the public can be

netic Company had not owned such lease, could it have made any profits at all without *a connection* with that line? If it had

protected against fraudulent speculators. If two or more messages are received for different news associations, it will be impossible for any one man to lay his plans for defrauding the unwary.

I know it will be said that we have no right to rail against monopolies because we have ourselves a monopoly. Now, with respect to our monopoly, which is founded upon the Patent laws, it is a fact worthy of notice, that the public is better served now that the various lines are worked in connection with each other, than it was when there were various companies competing with each other. Thus between New York and New Orleans a message is now sent by whichever line may happen to be in working order, whereas formerly the Company receiving the message in the first instance would often decline to send it by the rival line, although its own line might be temporarily disabled. Our Company will endeavor to serve the public well and faithfully, and I have no doubt that we shall be able, at no distant period, to reduce the charges for private messages and special reports for the Press on some routes, and yet make a reasonable profit for the stockholders.

Any one who has dared to oppose Craig has always been attacked by him with the most reckless ferocity.

Thus the Directors of the Nova Scotia Telegraph Company "stoop to trickery," set a "base example," are "lost to every sense of decency," and resort to the "Peter Funk game." Craig's ferocious attacks upon all who oppose him.

The Hon. Francis O. J. Smith, who was the owner of the major part of the stock of the New York and New England Union Telegraph Company, and who opposed the monopoly of the New York Associated Press, is denounced by Craig as "that vile scoundrel trickster Fog Smith," "the would-be swindler."

The proprietors of all the leading Philadelphia newspapers who supported Johnson & Zabriskie in their efforts to supply foreign news, Craig, in his circular of May 10th, 1859, calls "their half dozen beggarly newspaper backers who have been excluded from our news arrangements because of their *inability to pay their weekly telegraph bills*."

Mr. Johnson, in the same circular, is spoken of as a man who for many years has been engaged in entrapping "verdant fools" to engage in the reporting business—that in this way he occasionally secures "a neat tile, a glossy coat, and shining boots;" that after a short time "there happens a serious collapse, and Mr. Johnson retires to the shady side of the Philadelphia small beer-shops until he can find some other youth who has more money than brains."

This was one of Mr. Craig's contrivances to destroy the credit of those who were opposed to him in the reporting business.

In his pamphlet, dated May 1st, 1860, with a postscript dated June 12th, he attacks the report of the Special Committee appointed to examine and report upon the alterations made in the tariff for the Press. These gentlemen, the Pre-

been without that connection, and without a connection with the East or West, could it have paid *half its expenses*? I suppose not.

sident, Mr. Barnum, Mr. Russell, Mr. Alden, Hon. Amos Kendall, and Mr. W. M. Swain, are accused by Craig of

"Deception and trickery."

"Disgraceful partiality and injustice,"

"Baseness."

He says "they make deliberately false and base representations."

That they "present nothing but the tissue of the most barefaced misrepresentations."

That "a more unprincipled set of men never existed."

In his second pamphlet, dated July 7th, 1860, entitled "A reply to the *falsehoods* of the Executive Committee," he charges the committee with having made "statements as utterly and ridiculously false as ever were concocted."

"Indeed, from the very commencement of this controversy, its authors appear to have been lost to every sense of honor, truth, and duty."

That the pamphlet of the Executive Committee contains "double the alleged number (36) of palpable untruths."

That it contains "Munchausenisms," "base and scoundrilly imputations," "a barefaced, impudent falsehood." That the Committee are "mendacious." That one of them, Mr. Alden, has been recently purchased "for five thousand eight hundred dollars or thereabouts," and that the purchasers have made a blunder in purchasing "a man who will deliberately swindle his friends."

He says, "I am only sorry that my power is not as omnipotent as the Committee; and Fog Smith assert, if it were I would summarily string up by the ears, and suspend from the Telegraph building in Wall street, this whole brood of hypocrites."

"True to the instincts of knaves these Executive Committee men doubtless find it hard to realize how any man can fail to be a rogue who has half a chance."

An attack was made by Craig, some years ago, upon some of the Directors of the New York and Washington Printing Telegraph Company, and Hon. F. O. J. Smith and Mr. Henry O'Rielly.

Application
made for
Craig's dis-
missal.

One of the directors of the last named company, Mr. F. M. Edson, complained to the Committee of the New York Associated Press, that their agent had, in printed letters, dated "Office of the Associated Press, New York," called him, Mr. Edson, and his colleagues, "liars," "rogues," "cheats," "bullies," "humbugs," "loathsome reptiles," &c.

Mr. Edson, in his letter to the ostensible employers of Mr. Craig (but who acted as if they were his subordinates), says:

"I have a right to inquire whether it is not possible for the Associated Press to have an agent who has the manners, bearing and conduct of a gentleman—one who will not, upon any slight and frivolous pretext or occasion, attack those with whom he may come in contact in the prosecution of his duties, and overwhelm them with slime and filth? Are owners of telegraph lines to be trampled upon and insulted by the servant of their principal customer? Is that to be the price of the patronage of the Associated Press? Does that Association require for its object and purposes,

It would then be very erroneous to infer that if a line were put up between New York and Washington it would pay a

an ignorant, vulgar, and foul-mouthed representative—one who revels in slanders and libels! I cannot believe that such a character is indispensable to the Association; if it be, the Association itself is a nuisance which ought to be abated immediately.”

* * * * *

“As to the attacks on Mr. O’Rielly and Mr. Smith, Mr. Morris and Mr. Russell, under cover of the last letter to me, they richly entitle the writer to a residence in the Penitentiary, if he be morally responsible for his villainous actions, which I am sometimes inclined to doubt, as no adequate motive can be assigned for them. But if he be not so responsible, still he is a violent and vicious creature, with sufficient cunning for mischief, and he is a nuisance to those who are *compelled through his being your Agent* to have business with him.”

The Executive Committee of the Associated Press did not remove their Agent—perhaps they could not. I have no idea that he will be removed on account of his recent abusive pamphlets. The system that he has built up will sustain him as long as it lasts. But fortunately the system itself is undermined, and with its destruction Craig will disappear from the scene.

The consolidation of the telegraph lines along the seaboard has broken the power of this man. He can no longer play off one company against another, and thus subordinate them all. The new company proceeded at once to obtain a lease of all the telegraph lines in Nova Scotia, in order the better to fulfil the covenant which it had entered into to use all legitimate means to prevent the continuance of the monopoly of the foreign news. It will soon be made manifest to the press generally that they need not submit any longer to the dictation of Mr. Craig, and I have no doubt that the principal part of even the press of New York, will prefer the working of the new system, which will secure an open market for the news, and a choice of arrangements for the collection and supply of foreign dispatches.

Effects of
the consolidation
of the
Telegraph
lines.

Although Mr. Cyrus W. Field has but a small interest in the American Telegraph Company, he has large interests in the Newfoundland Telegraph Company, and in the Atlantic Cable Company, and it is supposed by many persons that his opinions on the questions in controversy between this company and the New York Associated Press, are entitled to great respect on account of the reputation acquired by him through his connection with the Newfoundland line, and the Atlantic Cable. It may be proper, therefore, to see what claims he has to respect and distinction on account of those enterprises.

The Newfoundland Telegraph Line was not projected by Mr. Field—he embarked in the enterprise after a charter had been obtained by Mr. Gisborne, Mr. Tibbetts, and others, from the Legislature of Newfoundland, and after they had expended a good deal of money upon the necessary surveys, and in the construction of part of the line.

Mr. C. W. Field, Mr. Peter Cooper, Mr. Taylor, Mr. Roberts, and a few other gentlemen, in New York, purchased the interests of Messrs. Gisborne and Tibbetts,

The Newfoundland
Telegraph Company—
its original
objects—
How Mr. Cy-
rus W. Field
became con-
nected with
the Atlantic
Cable Com-
pany.

large profit upon its cost. It would not pay any profit. It would not pay expenses, nor half of them, without business connections with the South, with the East, or with the West.

and obtained another charter upon better terms for the company than the former one.

The government of Newfoundland was pleased with the project, especially as the interior of the country was to be opened up through the construction of a telegraph line, and the incidental making of a road, and the government undertook to guarantee the payment of the interest on bonds of the company to the amount of \$250,000, and also to grant the company a considerable quantity of land.

The company merely intended to construct a line from Cape Race and St. John's, across the Island of Newfoundland, to Nova Scotia, and there to connect with the lines of the Nova Scotia Company.

The object was to transmit the news brought by the European steamers to Cape Race and St. John's, it being supposed by Mr. Field, and his associates that as the steamers usually run near Cape Race, they would almost always be intercepted by a vessel employed for that purpose.

Experience, however, has shown that this supposition was erroneous, owing to the dense fogs prevailing in that region, and the enterprise has consequently proved a failure in a pecuniary point of view.

At the time when these gentlemen embarked in this speculation, there was some talk in England about laying a telegraphic cable between England and America. A prospectus had been published setting forth the project of the Ocean Telegraph Company to lay cables from Scotland to Iceland, thence to Greenland, thence to Labrador. Mr. Brett, of London, the pioneer of submarine telegraphs, and who had successfully laid several submarine cables preferred the direct route from Ireland to Newfoundland, notwithstanding the great distance between those points.

Mr. Cyrus W. Field, and his associates in the Newfoundland enterprise, did not intend to invest their money in an Atlantic cable, but took care that their charter should protect them in case other parties should succeed in laying such cable. To that end they secured the exclusive right of landing cables in Newfoundland and Labrador, and it was hoped and expected by them that any Atlantic Cable Company which might establish telegraphic communication between Europe and Newfoundland, or Labrador, would have to connect with the Newfoundland Company's lines, or be compelled to make some arrangements with the company, whereby they would be saved from ruin, notwithstanding the abandonment of their land lines across Newfoundland, in the event of the success of the Atlantic Cable.

Of course, it was readily seen that the success of a cable of great length across the ocean would lead to the establishment of telegraphic communication by short submarine cables between Newfoundland and the Continent of America, thus rendering the long land-lines from Cape Race to St. John's, N. F., thence to Cape Ray the entire length of the Island, and thence to Port Hood, in Cape Breton, entirely useless. And also that a line by Greenland and Labrador would supersede the line across Newfoundland.

Mr. C. W. Field and his associates, when they took up this Newfoundland Tele-

If we add to the cost of construction a sum for *the value of such business connections, the patent rights, and rights and*

graph project, had so little faith in submarine cables, that instead of stretching a cable across from Cape Race to St. Peter's, and thence to Sydney, Cape Breton, a distance of about 300 miles only, they preferred constructing a line right through the Island of Newfoundland—through an unknown wilderness; and that although they had to cut a road-way, construct bridges, &c., involving an expense for the entire line to the point of connection in Nova Scotia, amounting to between seven and eight hundred thousand dollars. The entire distance traversed is about 700 miles, including a cable sixty miles long. This roundabout course was taken to avoid having to lay longer cables—the projectors being *behind the age*, and unwilling to venture upon the experiment of laying cables 300 miles long. It will not do for them to say that they invested their money in the belief that a cable would be laid nearly 2,000 miles long.

To keep up the land lines of the Newfoundland Company in working order, a great expenditure is required, and owing to the nature of the country through which they pass no reliance can be placed upon them. The probability is, that they will soon be abandoned, a submarine cable on the route designated above being used instead.

The speculation, as I have stated before, failed, as it was generally found impossible to intercept the steamers. Mr. Field then took an interest in the English project of stretching a cable from Ireland to Newfoundland. He expected to be able to dispose of a considerable amount of the stock of the Company amongst his his own countrymen, and also to obtain aid from Congress.

The first mentioned anticipation was not realized. Mr. Peter Cooper and Mr. Alden took only *one share* each, and about half a dozen other Americans followed their example, each taking a single share, with the exception of one gentleman who took two. The shares were £1000 each. Mr. Field had some shares allotted to him as one of the promoters. The burthen was borne by the people on the other side of the Atlantic; they supplied nearly all the money, and manufactured the cable. It was there, too, that the experiments were tried upon underground lines, the wires being put together for the purpose of ascertaining whether the current would pass through two thousand miles of insulated wire with sufficient rapidity and certainty for telegraphic purposes.

Mr. Field had no claims whatever either to scientific knowledge, mechanical skill, or practical experience.

It will be seen from this brief recital of facts, that Mr. Field was not entitled to the honors heaped upon him. His connection with the Telegraph business originated not with the grand project of connecting Europe with America by a Telegraph cable, but with a rash and ill-advised project to build a Telegraph line across Newfoundland for the purpose of getting the European news off Cape Race, and sending the American news to Europe from that point. Hence the Company was called the New York, Newfoundland, and London Telegraph Company.

That such was the object, and that the projectors had no faith in long submarine cables, will be manifest to anybody who will look at the map and trace the line from Cape Race to St. Peter's, Newfoundland, thence to Sydney, Cape Breton,

privileges of every description, we shall find that the profits are not excessive.

The stockholders of the line from Washington to New Orleans get only six per cent., whilst the amount invested in the Nova Scotia lines yields only four per cent. We, by holding a vast net-work of lines, are able to make twelve per cent., and doubtless shall make much more hereafter; but how idle it is to talk of the *cost of a small section* or two of our lines, and then calculate the profits of the whole concern as being made upon the capital thus represented.

Mr. C. W. Field says that the line from New York to Boston made large profits before the consolidation. Suppose it did: That does not prove that a line between those cities would pay without connections with Halifax, and Cape Race, and Montreal, and the South and the West. The error of Mr. Field's reasoning consists in disregarding those connections, our patent rights, and exclusive rights of way. Nobody talks of building fresh lines to Halifax, to Cape Race, to Montreal, to New Orleans, to Chicago, to St. Louis, and the thousand other places to which this Company has lines, or with which it has exclusive connections.

The capital stock representing the property of the old American Company did not merely represent the lines from Boston to New York, Boston to Springfield, New York to Philadelphia, &c.; it represented valuable leases of all the lines in the State of Maine which enjoy exclusive rights of way on the railroads in that State; leases of all the lines in the Province of New Brunswick; exclusive connection with the Newfoundland lines, and with all the lines of the North American Telegraph

where a cable might have been laid, thus avoiding the enormous expense incurred in building a land line—a line on a circuitous route through a wilderness and liable to frequent derangements. They had to lay down a cable sixty miles long across the gulf of St. Lawrence, and a short cable across the gut of Canso, instead of two cables extending about 300 miles.

The distance from Ireland to Newfoundland appears to be too great for a telegraph line, and the probability is that telegraphic communication with Europe will not be attempted again by that route, but that the original project for the northern route by Scotland, Iceland, Greenland, and Labrador, which has been recently revived, will be carried into practical operation.

New York, August 21st, 1860.

Confederation, embracing the West, the South, and Canada. How fallacious, then, it is, to speak of the property of the old American Company, for which it was allowed \$420,000 of the stock of the consolidation, as consisting merely or even mainly of the few miles of lines owned by that Company.

It would be as reasonable to speak of the property of the great Express Companies as consisting merely of their horses, wagons, and office furniture, or—a better illustration—to speak of the property of the India Rubber Companies as being worth only the price of their buildings and machinery. We can make large profits because we have got the exclusive connections with tens of thousands of miles of lines, and as the business increases, as it will immensely, from various causes, our profits will go on increasing until we choose to cry enough!

There is no business in this country more effectually secured against competition than this will be after we shall have put down the monopoly of the New York Associated Press, and that we can do to a certainty without any difficulty whatever. I trust that stockholders will not be misled by the alarmists, and induced to sell their stock. I have known the stock of a great Telegraph Company in the West (the Western Union) sold at sixty cents on the dollar, only a few months before dividends were declared equal to cent. per cent. on the entire capital stock. The stock was then increased so that each stockholder got five shares of stock for one, and this stock pays good dividends. It has been estimated by an officer of that Company, fully competent to give a sound opinion, that their dividends will go on increasing from time to time, and will reach 30 to 40 per cent. in 1863.

It appears to be absolutely impossible to impede the prosperity of that Company; it has the exclusive right of way on nearly fifty railroads, and it is bound with our Company and all the other great Companies in the United States and the British Provinces in a confederation for mutual defense and co-operation.

I mention these facts in order that the stockholders may not be led by idle threats, false reasoning, and fallacious statistics, to follow the example of the stockholders in the Western Union

Company, who sold their stock because they failed to appreciate the effects of the consolidation of the Western lines, but made their calculations upon bases similar to those now presented by the parties who want to persuade the stockholders of this Company that their stock is of but little value.

In conclusion, sir, I beg leave to recommend this meeting to leave the affairs of the Company in the hands of its representatives the Directors. To the stockholders, whether owning many or few shares, I would say, keep them, because I firmly believe that under the consolidation they will become very valuable.

SOME COMMENTS
ON
THE 1907 ANNUAL REPORT
OF
AMERICAN TELEPHONE AND
TELEGRAPH COMPANY



PUBLISHED BY THE
INTERNATIONAL INDEPENDENT TELEPHONE ASSOCIATION
CHICAGO

SEPTEMBER, 1908

BRIEF OF CONTENTS OF THIS PAMPHLET

The 1907 annual report of the American Telephone and Telegraph Company is against telephone competition and inferentially for [Bell] telephone monopoly.

It says the result of independent telephone "promotion" has been unfortunate in nearly every case.

Denied.

It says the gain of public through competition based on low rates does not offset loss of independent telephone capital.

Loss of much such capital denied. Gain of public through rates in one city, assumed to be typical, shown to be \$500,000 for years. Telephones multiplied twelve-fold. Present saving (Bell rate reduction) enough to pay for all duplicate telephones, enough, above all now allowed for maintenance, to reproduce complete plant's capitalization short of the life of its physical plant. Competition has improved both Bell and independent service; and in some aspects lessened Bell costs.

Most of the independent companies have raised rates.

Increases in rates have been small, and justified by increased values to the public. Which are more defensible: high rates (small values) reduced by competition; or low rates raised as values are augmented? An increase in one company's rates made necessary by an independent invention. One Bell company shown not to "an appearance of prosperity," and to seek public protection higher rates from consolidation and unification of itself and its petitors.

The A. T. & T. report says reorganizations are in progress and many mistakes have been made; but doesn't say what of it.

Certain Bell disadvantages and mistakes are cited: License monopoly payments; cutting of rates; unprofitable buying of connecting plants; circulation of deleterious literature; and other unwise efforts to monopolize the business.

With two telephone systems important users must be connected with both.

But important users are benefited by competitive development relative reductions in rates; while unimportant users (five times many) get absolute reductions from the division of the systems.

Two exchange systems cannot be conceived as permanent.

The business is in the making, and any condition of it as a monopoly is not to be safely predicted.

Service in either of two plants cannot be furnished at any material reduction because of the competition.

Denied. Bell statements support the denial.

Given the same management.

Inadmissible.

(Continued on Third Cover.)

*** SOME COMMENTS**
ON
THE 1907 ANNUAL REPORT
OF
AMERICAN TELEPHONE AND
TELEGRAPH COMPANY

BY
GANSEY R. JOHNSTON
General Manager
The Columbus Citizens Telephone Company

PUBLISHED BY THE
INTERNATIONAL INDEPENDENT TELEPHONE ASSOCIATION
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SEPTEMBER, 1908

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AT 100.

Columbian Citizens Telephone Co.

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SOME COMMENTS ON 1907 REPORT OF THE AMERICAN TELEPHONE AND TELEGRAPH COMPANY

The 1907 annual report of the Directors of the American Telephone and Telegraph Company, which is the controlling company of the Bell telephone interests, contains remarks with reference to Independent telephone companies, their promotion and competition, and with reference to public control. Certain extracts from the report are reproduced below. If these remarks have any bearing upon the future of the business, they display the belief of the Bell interests that the monopolistic condition of the telephone business is the proper one, and that the purpose of those interests is to re-establish such monopoly—presumably with themselves in power, although subject possibly to public control. Acquaintance with the business since its original opening to competition after the expiration of the Bell patents in 1894 brings many evidences of their continued purpose in this direction, and of the recent strengthening of that purpose as the competition has become more and more effective.

The object of this paper is to show that the competitive condition of the telephone industry is now, and so far as we can see into the future, the proper condition, and that no more of municipal, state, or other form of public control is needed than is necessary to prevent fraud or exorbitant charges.

Extracts From the A. T. & T. Report.

Promotion and Competition—Independent Companies.

The unusual production and prices, during the past few years, of those commodities which this country sells to the whole world, with accompanying very general distribution of wealth, resulted in an almost phenomenal financial and industrial activity, stimulating new enterprises and promotions of all kinds, among them independent telephone companies.

The exaggerated stories of the fortunes made by original telephone investors, together with misleading statement of probable profits, made it possible to launch many of these companies pledged to *low rates for exchange service and high dividends to investors*. At these low rates, with "maintenance" and "reconstruction" expenses either intentionally or ignorantly disregarded, these companies for a time had an appearance of prosperity.

The result has been unfortunate in nearly every case. The promises and pledges as to rates and profits, made as an excuse for their coming, as a

basis for their franchise, and as an incentive to attract capital, are now admitted to be impossible. Most, if not all, of these companies, which have had an existence long enough to force attention to the items of "maintenance" or "reconstruction," are now asking for increased rates, and to be absolved from onerous conditions freely accepted and assumed at the beginning. Reorganizations are now in progress.

It would seem, as a whole, that the gain of the public through competition based on low rates has not compensated for the loss of capital invested in these enterprises.

During this period of strife and rush for development and extension, many subscribers were connected to exchange systems with little or no benefit to themselves or advantage to others, and much was done that under ordinary conditions would not have been done.

Competition.

The value of any exchange system is measured by the number of the members of any community that are connected with it. If there are two systems, neither of them serving all, important users must be connected with both systems. Connection with only one is of but partial value and cannot be satisfactory. Two exchange systems in the same community, each serving the same members, cannot be conceived of as a permanency, nor can the service in either be furnished at any material reduction because of the competition, if return on investment and proper maintenance are taken into account. Duplication of plant is a waste to the investor. Duplication of charges is a waste to the user.

The advantages claimed for competition are lower rates and improved service. Exhaustive competition may temporarily produce either or both of these results, but, as before stated, this temporary gain is purchased by an excessive waste. Duplication of plant and operation cannot produce either result without exhaustive competition. Given the same management, the public must pay double rates for service, to meet double charges, on double capital, double operating expenses and double maintenance. In most cases of proposed competition an examination of the prospectus will show that, by some process, it is expected to make good a capitalization equal to at least two or three times the actual cost of the construction. The only benefits are to the promoter.

Public Control.

It is contended that if there is to be no competition, there should be public control.

It is not believed that there is any serious objection to such control provided it is independent, intelligent, considerate, thorough and just, recognizing, as does the Interstate Commerce Commission in its report recently issued, that capital is entitled to its fair return, and good management to its reward.

Independent Companies Not So Black as Painted.

In this writing, I will not undertake to gather and publish data refuting the insinuations and allegations of improper promotion (as distinguished from "good management or enterprise") of Independent telephone com-

panies on any considerable scale. The A. T. & T. general statements in the first paragraph quoted may be met by general denial. The observation of those in the business and of those who have enjoyed their service is to the effect that Independent telephone companies, while not uniquely free from inflated values, flimsy construction, and sales to unwary investors, have not been burdened by these to any notable degree. There has been no general admission by Independent telephone companies of non-excuse for being.

One Bell Claim Inconsistent With the Purpose of its Argument.

It is suggested that the promoter in most cases obtains benefits from expecting to make good a capitalization equal to at least two or three times the actual cost of construction. *Fraudulent* promotion finds no more defenders among Independent than among Bell telephone men. If any Independent telephone capitalization is good—and the Bell people have never shown that more Independent than Bell capitalization has been bad—and if it is made good in these proportions by rates lower than Bell rates, what is the inference concerning those Bell rates now and before reduction, or what becomes of the “disregarded maintenance” argument? If a company can make good a capitalization three times the value of its physical plant it can surely make that plant good.

Why Rates Increase.

That some of the many Independent telephone companies, after years of operation, have sought to increase their rates, and have even admitted an increase in rates to be necessary to their solvency, is not evidence that the rates at first were too low or the early years on a shaky financial foundation. Causes have arisen requiring a higher level of charges than were necessary when the plants were installed. Among these have been higher prices of material and labor, losses due to abandonment of equipment rendered obsolete by the progress of invention, and the increased cost growing out of the multiplication of telephones.

As lines are added to a telephone plant, the cost of construction, maintenance and operation of each new and of each old line tends to increase because of the addition. The construction cost of the new lines averages greater because the average length of line increases with the growth of the plant. The construction cost of the switchboard connections for both the old and the new lines increases because facilities must be provided at the switchboard to connect each line, old and new, with every other line, as well as extra facilities for the additional traffic. The unit of operation cost increases because, as new connections are provided, there is additional use of each line. For example, each subscriber on a 2000-line plant uses his line for such business as he has occasion to do with those two thousand, and

for the entire subscription list (without taking into account more than one person for each line) the possible demand for connections is limited to the square of 2000 less 2000, or 3,998,000. If the plant is doubled, each of the original two thousand has his original outgoing and incoming calls plus what he has with the additional subscribers, and in like manner do the new ones have more than did the old. The limit of demand in this case on the same basis is measured by the square of 4000 less 4000, or 15,996,000. If the plant is trebled, then the limit of the demand is measured by a number nine times the first one taken. If the number of persons using each telephone should be taken into account, the increase would be much more rapid than indicated. While the actual demand never approaches the possible demand, it is certain to increase in greater ratio than by simple addition. The additional traffic means more work for operators and consequently more operators proportionately, and greater wear and consequently a higher maintenance charge for each line. As the size of the plant grows, the operators work under increasing physical difficulties, and with still greater growth the line connections get beyond the operator's length of arm, so that the separation of switchboards is necessary. The average maintenance charge is increased, not only by the wear, but by the existence of the additional central office equipment and the longer length of lines to be kept in repair and ultimately replaced. On a very large plant certain traffic, trunking, and transmission difficulties require large expenditures in their overcoming. Not only does the cost increase as outlined, but also does the value to the user increase. If the telephone charge were based on a unit of use, as in the ordinary business, then probably the telephone business would be more analogous to the ordinary business; although even such charge would not afford relief from the extra elements of construction and maintenance costs. Within certain limits the public gains more from the larger number of connections than it loses by paying an increased charge for line rental, if indeed the charge is not left stationary. The existence of limits to this enhanced value will be made the subject of further discussion.

Columbus as an Illustration.

Most of my illustrations will be chosen from the city of Columbus, Ohio, having a population within the exchange district of approximately 180,000. The Columbus telephone history and present situation are fairly typical. The Citizens Telephone Company began agitation for a franchise late in 1898, when the Central Union (Bell) Telephone Company had less than 1900 telephones, with rates near the business district as high as \$96 a year for business telephones and \$48 for residence telephones, and with additional charges for distance beyond one mile or more from the exchange.

The rates throughout the city today are respectively \$54 and \$27 a year for Bell main line business and residence telephones. By the time the Citizens plant was placed into paid operation in August, 1900, the Bell company had probably 4000 telephones. Within a year the Citizens Company had 5400. This was more than there had been reason to expect from the history of the business. At the present time each company has in the neighborhood of 12,000. Within this period the Citizens Company has abandoned its original switchboard, with a capacity of 5200 lines, because of its having been outgrown as well as fallen behind the progress of invention. The Bell company has recently abandoned its switchboard which was in operation in 1899. The Citizens Company's expenses showed a gradual increase per line as the plant grew. At the close of 1906 there were 7300 main-line telephones. The directors then considered an increase in the business rate of \$6 a year and in the residence rate of \$3 a year, besides the reduction of certain minor rates, and the installation of a two-party-line service at \$34 and \$18 a year. The reasons for this consideration were found not in any need for correcting past mistakes, but in the need of greater revenue to offset the increased expense per line and the then high cost level of copper and other material and of labor, and, of more importance, to take care of the prospective development at the increasing cost. In the judgment of the directors, there was and is greater public need for further development than for the continuance of the low rates. However, since that time there has been a saving to the company through the use of new automatic telephone equipment and the invention of cheaper means of adding to the plant. Accordingly the rates have been allowed to remain at the lower level.

Now the question is whether such changes in rates as were considered by the Citizens Company, and such as have been proposed or carried through by other Independent companies, are *unfortunate* to the extent implied in the report of the American Telephone and Telegraph Company. The public for more than six years had enjoyed the lower rates of the Citizens Company; and for these rates, it is fair to say, had received quite as many benefits as could have come from Bell telephones.

Public Savings From Low Rates.

A tabulation of the public saving is given below. The Central Union rates varied somewhat with grade of service and distance from the exchange, and were not uniformly maintained for all users, but it seems more than fair, for the purpose of comparison with the single-line, copper-metallic circuit, granular-carbon transmitter service of the Citizens Company, at \$40 and \$24 within the city limits, to use the \$72 and \$42 rates of the Bell company until their general reduction to \$54 and \$27 in 1905.

BUSINESS TELEPHONES AT \$40 A YEAR.

Average number in service	Telephones		Yearly Saving		Years		Total Savings
August 1 to December 1, 1900....	1968	×	\$32	×	5/12	=	\$ 26,240
Years 1901, 1902, 1903, 1904.....	2300	×	32	×	4	=	294,400
Year 1905	2456	×	14		1	=	34,384
Year 1906	2849	×	14		1	=	39,886
Total							\$394,910
Year 1907	2994	×	14		1	=	41,916
Total							\$436,826

RESIDENCE TELEPHONES AT \$24 A YEAR.

August 1 to December 31, 1900....	1616	×	\$18	×	5/12	=	\$ 12,120
Years 1901, 1902, 1903, 1904.....	2530	×	18	×	4	=	182,160
Year 1905	2455	×	3		1	=	7,365
Year 1906	3992	×	3		1	=	11,976
Total							\$213,621
Year 1907	4620	×	3		1	=	13,860
Total							\$227,481
Saving on both business and residence telephones to close of 1906.....							\$608,531
To close of 1907.....							664,307

From this it appears that if the competing telephone company had never come into existence and those persons who took the competing service had taken the service of the Bell company at the prices it was then charging on its exchange of 1900 telephones, they would have paid to the Bell company \$514,920 before that company reduced its rates. Since the reduction of the rates (which did not take effect with the beginning of 1905, although the table shows it for the whole year), there has been an additional saving, figured on the same basis, of \$149,387. It seems fair to assume that the primary cause of the reduction was the competition, and that in the absence of the competition the rates would have been increased rather than reduced, inasmuch as the Bell plant has increased sixfold.

Their Bearing on "Reconstruction."

On the basis of the present main-line subscribers of the Citizens Company, the difference between the rates now charged by the two companies means a saving to the subscribers of the Citizens Company of about \$60,000 a year. This sum, invested at six per cent, would amount in nineteen years to \$2,150,000, which is the present entire outstanding capitalization of the Citizens Company. In other words, if the Citizens Company would begin now to charge its present subscribers the rates charged by the Bell company and would invest the increase in its revenue at six per cent, it would have all the income it now has for maintenance, operation, general expenses, taxes, interest, dividends, and surplus, and in addition thereto, in the course of

nineteen years, would accumulate sufficient money to retire every dollar of its invested capital.

If the directors of the Citizens Company have erred in their rates to the extent implied by the Bell reports, then they have erred by the full amount of a generous "maintenance" or "reconstruction" account on top of all that they have applied to such an account. Something other than "maintenance" or "reconstruction," to all appearances, is needed to justify the original and present Columbus Bell rates.

Such Savings Equal to Duplication of Charges.

This amount, \$60,000, is about equal to the amount paid the Citizens Company for telephones duplicating Bell telephones. The community, as a whole, then, is suffering no loss from the existence of the Citizens service at its lower rates, if it be admitted that the Citizens service is worth the Bell prices. It is not necessary for this comparison to admit that the second telephone in an establishment is worth anything at all.

Other Benefits to the Public and the Companies.

Every telephone user is benefited more or less by the increase in the number of connections available on either system. The Citizens subscribers have the benefit of quick, easy, and interesting calling on the automatic system. The Bell company, by reason of having the automatic system as its competitor, has been able to improve its own service and lessen its expenses, because this automatic system has cut in half the demand for operators in Columbus, still leaving, however, the demand greater than the supply. As the growth of the city has necessitated the establishment of branch exchanges, this advantage for both companies is greatly augmented, since the automatic system permits the user to call to, from and through a branch exchange with no more effort than is involved in calling over centralized equipment, while the Bell company needs, for branch exchange calling, two or three operators in the circuit instead of one. Furthermore, the number of calls from and to places having both connections is lessened on the Bell system by so much as is handled over the Citizens system; this likewise lightens the load on the Bell operating force, quickening the service and reducing the cost.

Possible Objections.

If the figures used are correct, it seems that a good case is made in favor of telephone competition as affecting the public and the Independent investor. There appear to be these lines of possible refutation: that the Citizens Company is not properly maintaining its property or that it is not solvent; that its expectations from its automatic equipment cannot be

realized and its rates may yet need to be raised; or that the sound Columbus condition is not typical; and that in any case the Bell company has not profited by the competition. Rejoinders might be offered, that the sound condition of the Columbus Citizens property and finances and their likeness to those of other Independent telephone companies can be substantiated by any impartial investigation;¹ that in any event the difference between their present condition and one unquestionably sound could be overcome by a small advance in rates, much less than commensurate with the enhanced values; and that the Bell company has had a fair opportunity to get what profits it deserves.

The Central Union's Plight and Petition.

The Central Union Telephone Company's printed report for 1907² is almost a plea for help from the state on the score of poverty. Witness: "The Central Union Telephone Company has not been making returns on the investment for the past twelve years, and it cannot expect to make any return whatever until rates are raised." "We . . . should accept new ordinances with proper terms regulating the company and its rates, because when the public seeks to regulate, it must recognize the obligation to protect." The future appears to hold no prospects for this company except "to hold our position until the Independent fallacies . . . demonstrate themselves," and "to consolidate and unify the exchange systems whenever it can be done upon a basis of true values, i. e., actual investment³—until the field is clear." "Such unification of the systems," it is said "will result in the willingness on the part of the public to pay rates that will" be higher.

The question at issue, not only academically between the companies, but practically at times between the companies and the public or its legislative bodies, is whether the Independent movement, that is, telephone competition, is a fallacy, or the Bell monopolistic acts and purposes are fallacious.

¹It may be said that the Columbus situation is not truly typical of the village and rural conditions. The city telephone service, with the rural service immediately associated therewith, is, however, by far the most important. We cannot deal with the disassociated rural service without giving it much space of its own. Its real prosperity, I believe, is bound up with the existence of competing telephone interests in the cities.

²For its entire territory—most of Ohio and Indiana and part of Illinois, not including Cleveland, Cincinnati or Chicago.

³If the Central Union expenditures, in its efforts to achieve monopolistic control of the business, are treated as "investment," and if those efforts fail, then the true value of its property may prove to be less than the actual investment. The risks and the persistency of those who have prevented such monopolization are entitled to a representation in the value of their property whether represented in the investment or not. The value of the business of either, as measured by its service to the community, is inestimable.

An Outcome of Inexperience.

The directors of the Citizens Telephone Company, like the directors of many other Independent telephone companies, started into the business without experience and with little more knowledge than came from observation. They conceived the business to be an undeveloped one and by no means a necessary monopoly. They purchased their equipment in the open market. They sought to install the best that could be had. They ran the risk of failure in a comparatively untried field. They demonstrated that, with substantially the same form of equipment, a plant of more than three times the size of the Bell plant at the time of their starting could be operated and maintained at not much more than half the long-established Bell rates.

Bell Expenditures to Poor Purpose.

If the Bell company has not been equally successful, it has not been by reason of the competition taking away its business. Its business has grown in Columbus at about the same pace as the Citizens business. Its relative failure cannot be accounted for by me authoritatively or illustrated mathematically; but from observations and from common knowledge, it may be said that the Central Union Company has had two heavy sources of drain upon its revenue which the Independent companies have not. It has been obliged to pay tribute to the American Telephone and Telegraph Company for license to do business and to use telephone instruments, and has been obliged to buy some of the most expensive of its instruments and equipment from the Western Electric Company, controlled by the A. T. & T. Company, without the benefit of competitive prices.⁴ It has ever been trying to re-establish monopoly in the business, and in so doing has cut deeply into its revenues by discrimination in rates, by furnishing free service, by continuing telephones in service after the cessation of payments, by taking on subscribers of known inability to pay, and in other ways making a show of numbers beyond the productive subscription list.⁵ It has also, on occasion, made purchases at high prices of competing plants in the vain expectation of stopping competition. It has started the construction of plants and the soliciting of subscriptions at low rates rather with the idea of scaring Independent companies out of business than of completing the construction of a truly competitive service. It has an organized department endeavoring, by threat and persuasion, to break down the continuity of Independent exchanges and toll lines by monopolizing strategic points. It has spent much money in the

⁴The Western Electric Company, late in 1907, presumably under stress of competition, changed its selling plan so as to go into the competitive market with low prices. This may be with the expectation, by unprofitable underselling temporarily, of starving out the manufacturing competition.

⁵The general Bell policy in these particulars also appears to have been modified.

publication of articles and advertisements and in the circulation of papers and pamphlets designed to influence the public mind toward monopoly and to excite prejudice against its competitors.*

Is It Too Late To Mend?

If it be inquired what the Central Union Company may do to restore its shattered finances, the answer may be found, I judge, in the statement that if that company and its controlling organization, the American Telephone and Telegraph Company, will recognize that the telephone business is competitive and will turn into the channels of inventional and commercial development the money diverted to centralized profits and the endeavor to re-establish monopoly, then every portion of the Bell system may show both profits and progress.

Account Should Be Taken of the Smaller Users.

In the quotation from the A. T. & T. report appears this sentence: "If there are two systems, neither of them serving all, important users must be connected with both systems." Then the argument proceeds as though there is no distinction between important users and all users. It is true that if there are two systems of importance in a community, then important users must or should be connected with both.†

It is also true that such important users are getting their double telephone service very cheaply. The less important users, who number five times the duplicate users, get their service (which, so far as students of the telephone demand in Columbus can tell, is satisfactory and of all but complete value), more cheaply than if the community were served by a single system.

Division Means Saving.

To quote again: "Two exchange systems in the same community, each serving the same members, cannot be conceived of as a permanency, nor can the service in either be furnished at any material reduction because of

*It seems proper to comment that these criticisms of the Central Union Company, applicable to other Bell subsidiary companies, as well as to the parent A. T. & T. Company, are on a somewhat different footing than Bell criticism of Independent motives and actions. The Bell interests have an official control and official policies. The Independent companies, on the other hand, are very largely local and self-governing. They have certain common ties but no common control. We should not pretend that all the actions of all of their representatives have been admirable; but to make criticism of any unworthy actions apply to the Independent interests generally, it is needful to show that they have been adopted or approved generally.

†When a merchant complains that the growth of a second telephone system forces him to subscribe for a second telephone, it is very much the same as though he should complain that the gathering of a crowd in front of his store every morning forces the opening of its doors and the employment of salespeople to receive the customers.

the competition, if return on the investment and proper maintenance are taken into account. Duplication of plant is a waste to the investor. Duplication of charges is a waste to the user." The proper answer to the statement that service on either of two systems cannot be furnished at any material reduction because of competition, is simple denial. This is true as relating to the very small communities, and it may possibly be true as relating to such an extraordinarily large community as New York in the present state of the art, but for all the cities between the extremes, wherever the business is conducted efficiently and honestly, with a fair degree of development, service is cheaper on either of two systems than it would be on a single system of the size of both. Reasons for this are illustrated above as being inherent in the present nature of the business, as well as explained to some extent below. It is independent of the price-reducing effects of competition. It can be illustrated by public argument of the Bell company's representatives, if not deduced from the very report we are commenting upon.

It may be catching up careless wording, or it may be pointing out a saving phrase, to observe that the statement is that competitive service cannot be furnished at any *material* reduction. Whenever the public can get the results of competition upon human action with *any* reduction in the *necessary* costs it is making a two-way saving.

The Future Unpredictable.

It may be that two exchange systems in the same community, each serving the same members, cannot be conceived of as a permanency. It is a condition that has never actually been approached. The permanent condition of the telephone business is not yet to be conceived. The possibilities in different directions appear too great to permit any forecast of its ultimate condition.

The Smallness of Duplicate Charges.

As for the waste in the duplication of charges: In Columbus something like fifteen per cent of the telephones are duplicated. The bulk of these duplications are business telephones. Many of these duplicate users would have two or more telephones if there were but one system. Many others get benefits from their telephone service so far beyond its cost that the cost is in no sense a burden or a waste. The cost of a business telephone on the one plant is eleven cents a day, and on the other fifteen. If incoming or outgoing calls are worth on an average five cents apiece, then three a day will pay for the assumed wasteful duplicate charge.

The User Benefited by Development.

From the A. T. & T. report, is quoted: "The cost and value of the system to any subscriber do not depend so much on the number of communications had as on the number and extent of other circuits and facilities necessary to give the communications desired." If it be admitted that competition has been a moving cause in the multiplication and extension of circuits and facilities, then this points to an increase in the value of the systems from competition. Further remarks in the A. T. & T. report are to the effect that the cost or value cannot be exactly distributed. In this may be found a justification for the double charge for the residuum of duplicate users who do not get their share of value from the two systems. Their charges are among those inequitably distributed. In number and in amount of payments, however, they are of very much less importance than those who get their satisfactory restricted service on the single system at the low rate which the division of systems permits.

Are There Double Operating and Maintenance Expenses?

The operating expenses of a telephone exchange, such as the Bell's, are in small part organization and indirect labor costs, and in large part direct labor wages. The former, on the average, are increased by division—whether into separate systems or separate exchanges on the same system. The latter increase and diminish with the traffic on separate systems; but increase always with increased traffic on separate exchanges, with free interchange of calls, on the same system. There are two units affecting operation—the line unit and the call unit. As the number of lines increases on a single switchboard, a point is reached where the line connections cannot be brought within an arm's-length. The board must then be divided, and the calls "trunked" or transferred between the boards. This means almost double operating labor on such calls. The call unit is a single call—which is not at all comparable, for instance, with such a unit as a car-mile, since the car may carry, with the same crew, two passengers or two hundred. Does the number of calls double because of competition? On the contrary, an increase would come in both effective and ineffective calls from combination, particularly at the period of the peak-load. I have probably carried this analysis far enough to leave it with the statement that, with minor exceptions, operating expenses are lessened rather than doubled by telephone competition.

As to the maintenance expenses, it may be said that the relatively small organization and indirect labor costs may be somewhat increased by separation, and the direct labor wages sometimes also. The maintenance arising from traffic is smaller from competition; so, too, is that from separation of exchanges on the same system. As we shall see, there is not much extra plant cost from the separation of systems; but such as there is entails extra

maintenance expenses. To speak of double maintenance, however, is to give no heed to the conditions of the telephone business. The effect of competition in leading the management to the study of economy may be suggested.

The Smallness of Plant Duplication.

Concerning the investment waste from duplication of plant: If the duplication of telephones is fifteen per cent, the investment duplication is hardly as much as twenty. The most expensive elements of a telephone plant are individual for each subscriber. The largest single investment item is cable and line wire. Only the cable supports and, in part, the sheath are duplicated, and these only in the smaller sizes. The cable and line cost in a well-filled plant is not duplicated even in proportion to the duplicate telephones, because the duplications are mostly in the business districts nearest the exchange, where the cable units, by reason of short lengths and the most economical sizes, are cheapest, and where there may be very little use of line wires, and because the telephone duplications are not all on parallel lines.

Switchboards, if not connected, are cheaper separated than combined. If connected, then, if common battery it is said to be standard Bell practice, in the interest of economy, to separate them when they reach 9600 lines; and if magneto, their separation means little extra cost. On the whole, it is doubtful whether switchboard costs are duplicated beyond the proportion of line duplications, if as much.

Two pole lines may represent waste when they are parallel with no more of a load than could be borne on one. They may have no element of waste with a greater load, or when shared with other wire-using companies.*

*On the streets and alleys of Columbus are poles conveying wires of the following companies: The local Bell Company, the long-distance Bell Company; the local Independent Company, the long-distance Independent Company; the Western Union Telegraph Company, the Postal Telegraph Company, the American District Telegraph Company; the Columbus Railway & Light Company; the Columbus Public Service Company, with electric lighting and power circuits; the municipal light plant, the municipal fire-alarm and police telegraph system; and sundry electric traction companies. The long-distance telephone circuits of both companies are carried within the city almost entirely upon the poles of the local telephone companies. It is worthy of mention that the long-distance Bell Company, which controls the local Bell Company, has, outside the city, chosen to parallel local Bell pole lines in order, apparently, to reserve pole space for future circuits; and that Central Union pole lines in places parallel Central Union subway. The telegraph companies have several joint arrangements with one telephone company or the other for important pole lines through the city. The Citizens Telephone Company has a working arrangement with the municipal lighting plant for joint occupancy of poles in a large section of the city, and with the Railway & Light Company for joint occupancy of poles throughout the entire city. The Railway & Light Company has a joint pole line with the Postal Telegraph Company. The Bell Company and the Public Service Company exchange pole contracts. The fire-alarm and police and the district telegraph circuits are almost altogether on others' poles. There are other minor arrangements between these different companies; as, for example, with the electric railway companies. All of these arrangements go to reduce the number of poles in the city. It is a question whether, if the Bell and Citizens local telephone service should be combined, there would be any reduction in the number of poles required for the public utility companies.

At present prices two 35-foot pole lines cost no more than one 50-foot line.

Increasing the lead may require larger poles and more expensive guying and assist deterioration. Poles, which have probably been used more in the past than they will be in the future, are increasing in price, particularly those longer and heavier poles that a combined system would require.

Of the subway and conduit system only that smaller portion is waste which is represented by the costs of opening and repaving the streets, the manholes, and part of the digging, and perhaps by ducts carrying duplicate cable. Subways and manholes cannot always be combined economically, particularly when the system is of large size or in streets with many obstructions. Subway material, which will probably be used more in the future than in the past, has been decreasing in price.

The cost of interior wiring and instruments is duplicated only in proportion to the duplication of telephones. This duplication gives the users the benefits of simultaneous and alternative use.

The buildings may well be duplicated without waste, particularly as modern construction favors plenty of space, light and air.

All the engineering and overhead expenses are relatively small and probably contain little unnecessary duplication.

How Far Was Wasteful Duplication Preventable?

Waste may be defined as any departure from perfect economy. A protest against waste, however, is of no effect unless it can be shown that such waste is preventable. Waste which comes from not building large enough cannot be prevented unless the building of the future is foreseen in something like its proper quantity, form, place and time. If pole lines or subways or cable lines are built for less than their future load, then there is waste. If they are built for more than their future load, then there is waste. If their estimated future load comes too soon, so that a later period of construction means duplication, then there is waste. If such future load is too long in coming, then there is waste. If building is done now for the future with materials that will become cheaper in the future, then there may be waste. If today's form of construction becomes obsolete through the advance of the art, then there is waste. If expected development built for on a given route is never realized, then there is waste.

A striking feature of the telephone business, looking back over about one decade of competition and two decades of monopoly, has been its enormous development and the unexpectedness of such development. The Bell companies, in their period of monopoly, evidently proceeded on the theory of treating the telephone as a luxury, to be used by the few who could afford a high price. The Independent companies going into the field from 1895 to 1900 foresaw a greater development at a lower price and in their con-

struction provided for a great deal of new territory and a larger number of telephones in existing territory. However, they did not foresee any such demand as grew out of the lower prices, the improvement in service and the cumulative effect of the increasing number of connections. The history of the business has been one of inadequate facilities to meet the growing demand. Looking, with the knowledge of today, at telephone plants as they exist today, it is easy to point out a certain small proportion of wasteful duplication. Looking forward from ten or even five years ago, could many of these wasteful duplications have been prevented? Not many. Those who were building then had no such foresight as could have produced plants even as economical as existing plants.

The A. T. & T. report states that the urban "development keeps pace with the demand." This has not been the case uniformly with the two systems in Columbus, nor indeed in very many cities known to the writer. The values lost to the public by reason of inability to secure desired telephone service are beyond the range of calculation. They have been greatly lessened by the competitive condition.

Wastes on a Single Plant: Prospects of Saving.

Having the future in consideration, stress ought not to be laid upon the duplications and wastes of the past, but rather upon the wastes of the present, which the future may find ways to avoid. The telephone business as at present conducted is a wasteful business. Invention is making a fair start toward reducing these wastes. The cost of cable and lines on the ordinary telephone plant is very much greater than the cost of poles and subways. For each subscriber or for the number of subscribers on a party-line, there are two wires to the exchange. These wires are idle all of the time that the telephone is not in use, which means from ninety to ninety-nine per cent of the time. To reduce the number of cable pairs the Bell company in Columbus is placing two parties on a large number of its lines, this selection of two parties being made after experimenting with various numbers up to ten. To reduce the cable lengths the Bell company has established two branch exchanges designed to take care of large sections of the city, with trunking cable for the conveying of calls between the different exchanges and with extra operators for the handling of such trunking calls. The only saving by this process is in cable, against which are the charges for the duplicate grounds and buildings, some duplication of equipment, and some duplicate operating cost. The subscribers' cables, instead of converging to the main exchange, converge to the branch exchanges, with an element of waste in their length when they depart from a true line to that exchange through which they do their major business. With the branch exchanges laid out on a large scale, this departure from a truly economical line is great. The

Citizens Telephone Company is experimenting, with prospects of success, in the construction of branch exchanges of small units, whereby the maximum distance is traversed by trunking cable and the minimum by subscribers' cables. In these branches is the minimum equipment connecting with maximum common equipment at the main exchange. Operation through the branch exchanges involves no additional operating employes and no additional burden upon the subscriber, who is his own operator. There are fair prospects through further inventional progress of reducing the number of trunking wires below any proportion heretofore known, and of increasing the adaptability of existing cable plants beyond that of any plans heretofore known.

The idle cable growing out of imperfect distribution, which I have only hinted at, will ordinarily represent more cost than the duplicated subscribers' circuits in cable.

The new manual switchboard of the Bell company contains much duplication or multiplication which I will not take space to describe technically. Invention may yet devise means of lessening this item of investment and expense.

A wasteful condition on the ordinary switchboard results from the fluctuations in the traffic. The operators work at times under heavy pressure without keeping up with the demands upon them, and at other times are idle. Much has been done to equalize the traffic between operators, but there is still a large element of waste. Unnecessary duplication of operators is more wasteful than unnecessary duplication of poles.' At least one of the Independent manufacturers has almost ready for the market a method of equalizing the work of operators, which promises to reduce this form of waste. Others are engaged upon means to the same end.

It is no essential part of the argument that the equipment in use by the company chosen for illustration is superior in economy to the equipment generally in use by the Bell companies. The point is that the wastes and duplications that are made the premises for argument against competition have not only been in large degree unpreventable, but are really relatively minor. The competitive telephone manufacturers and engineers are working to reduce the larger wastes. All that I aim to contend is that there is some expectation of success. Even if of the endeavors to put the plants upon a more truly economical basis of construction, operation and maintenance, nine are failures and one a success, the work of the ten may well be worth all their costs.

¹One operator's wages at \$20 a month (not allowing for her supervision or her relief, or her equipment), will pay 6% interest and 6% maintenance and depreciation on five miles of 35-foot pole line, 6% and 2% on two miles of subway conduit, 6% and 4% on three-quarters of a mile of 100-pair cable.

Monopoly Not the Most Progressive.

If the telephone business has much to expect from invention and improvement, is such invention more likely to follow from a competitive than a monopolistic condition? Decidedly. A monopoly based upon franchise and organization has not the constantly pushing motive to improve its equipment and service. It will feel that it cannot afford to abandon existing equipment except for some important and large gain to itself from an improvement. Inventions seldom advance by such large steps. The monopoly may feel that the adoption of important improvements in one locality will need to be followed too rapidly in other localities, and hence will be slow to take the first step. Monopolistic interests, particularly if under any form of public control, cannot so well afford to experiment with new forms of equipment or service. The same objections are not generally offered to patent monopoly. The patent laws are designed to encourage invention and are to be judged by their general results. It is hardly once in a generation that they permit the monopolization of a fundamental principle of large public value completely without substitute.

The history of the business shows that the Bell companies have not always put their improvements at the command of the public except at prices out of proportion to their costs. For several years after the Citizens Company in Columbus was providing with all instruments the so-called long-distance transmitter (purchased in the market at \$1.75), the Central Union Company was charging an extra twelve dollars a year for service of the same grade as the Citizens service. Within a year in Detroit, i. e., since the opening of competition in that city, the Michigan Bell Telephone Company has been taking out many of the still remaining old-style Blake transmitters, and making an extra charge for the modern transmitters. It is common testimony of Independent manufacturers of telephone apparatus that many inventions, which have since proved their value, were ignored or bought cheaply and shelved in the days of monopoly. In Columbus I have been told of one instrument that hung on the same wall in an office without change in transmitter, receiver, or other permanent part, for eighteen years.

Other Arguments for Competition.

We have given much space to the matters of rates and of wastes. We have given the matters of prospective commercial and inventional development less attention than they deserve. In restricting comment upon the relative solvency or efficiency of the competing telephone interests, I feel that any real inquirer is able to investigate such questions impartially.

There was issued in February by the Ohio Independent Telephone

Association a pamphlet on telephone competition.* From this have been drawn some of the foregoing paragraphs. To this are referred readers who may be interested in Ohio telephone history and in pursuing other lines of argument against telephone monopoly. Among these are: The improvement brought about by competition, in multiplication and extension of lines and instruments, in service, in courtesy and its accompaniments, in equipment; the differentiation of the telephone business from gas, water, street railway, and other so-called "natural monopolies"; reasons for inability of combining local or long-distance companies to effect much saving; the unique and immense value of the telephone, which, with its irreplaceability, makes almost any price paid for it cheap and competition between systems particularly desirable; the specially valuable character of the existing competition between the large centralized interest and the many local interests; the citation of the threatened competition in the cities where it has not become actual; with answers to objections to the competitive condition and to assumptions of the practicability and economy of a unified telephone system.

Among the advantages of competition that would bear enlargement is the element of choice and alternative offered to the public. The moral effect of such choice is not only felt by the companies, but by the user also. The actual effect in case of the inability of either company to supply service in a given locality or in case of temporary or continued interruption of service on a line or an exchange (as from storm, fire, or strike), has been of great value.

Possibilities and Value of Public Control.

In the history of business of all sorts, competition has been the main reliance of the public against extortion or unfairness. It has proved its efficiency above any other working system, with only those exceptions that have been noted in late years in connection with such businesses as strongly tend toward monopoly. For dealing with such, two methods are proposed: Private ownership, with close governmental regulation or control; and governmental ownership. Ownership of the telephone properties by the state is not at all under consideration. We have left as alternatives, for the safeguarding of the public interests, telephone service under the condition of competition and under the condition of monopoly with state control. It is not supposed that the extreme is desirable in either case. The competitive condition involves certain state regulation, and the monopolistic condition involves some degree of freedom, with such small degree of competition as the telephone business has with other forms of public communication.

*Reprinted in part in the American Telephone Journal of April 4, 11, and 18, 1908.

No objection is offered to such measure of control as aims to prevent fraud, unjust charges, or arbitrary and unfair treatment of the public.

I think it proper to point out that the natural and best form of business is that which requires just as little supervision and imposes upon the state just as little as may be of burden, responsibility, and distraction from the state's own monopolistic duties; that such industrial freedom and competition have proved their efficiency in by far the great majority of business forms; and that to meet the exceptions, the practice of industrial regulation by the state is relatively experimental; and only to be entered upon conservatively, gradually, and when other means fail.

I think it can be shown conclusively, if it be necessary, that the telephone business is not of such nature as to be classed with necessary monopolies. It lacks the elements of exclusive occupancy of favored lands and of an increasing ratio of profits from an enlarged business. There seems at present no tendency toward monopoly save such as results from the purposeful efforts of one or the other of the competitors.

Is a Universal Service Worth Its Cost?

There is a peculiar argument in favor of telephone monopoly that may carry some weight. That is, that the purpose of telephone service, namely, quick communication between persons at different places, is defeated by just so much as they may be reached only by a different system than the one available to the persons desiring connection. Answers to this are found in an analysis of the condition under which telephone service is desired and paid for. There are two primary classes of telephone users: Those whose chief needs are met with a local system, with which are connected city protective departments, the physician, the place of employment, the regular grocer, the larger stores, and certain friends; and those who have need for a system which approaches "universality." No one can measure precisely these respective demands. To all appearances the first class is the larger numerically, pays the larger amount in the aggregate, would lose more by a small advance in the rates and gain more by rate reduction. This class, seemingly, has the least to gain from increasing numbers on the exchange, although it may be said that it is only because of the general extension of the service that some of the particular connections desired by the individual are included in the list. It is also this extension that makes the price relatively less and less for the duplicate users. Those persons who need regularly only one system pay less than if they had all the connections of both systems. For them to get the use of the other system occasionally is seldom much burden or expense. Telephone rates at present (except in the largest cities) are based upon average uses. The subscriber pays so much for his opportunities, and bears his share of the general expense of the company, whether he uses his instru-

ment much or little or obtains much or little value. It is desirable, therefore, that he should have different grades of prices to choose from,—from the lowest price with the least service or the least opportunity of use without interference, to the best service of the complete systems at the highest price. To the user who has much need for a “universal” system the extra cost of the second telephone is among the least of his expenses. In Columbus, as we have seen, the highest-priced Bell telephone costs him fifteen cents a day. If a toll connection will answer his purposes, I believe he can get it for six. So far as appears, neither a monopolistic telephone company nor the powers of the state could save this expense to the community, though, by the sacrifice of the extra values, it could possibly be distributed among the user's neighbors. The dual-connection proposal, that is, interchange of calls between the competing systems, offers more difficulties than it solves—particularly between competitors who differ on the fundamental question of whether the business is competitive or monopolistic.

Does It Reduce to Absurdity?

It is sometimes commented that if two telephone systems in a city are good, then it must be that three or fifty or a hundred are better. Briefly to dispose of this, it may be said: Generally, that such form of argument, when it hinges upon differences in number or degree, is more often than otherwise fallacious; specifically, that competition between two, if it is real, may produce as good results as competition among a greater number; and, as a matter of fact, that there are in Columbus more than a hundred telephone exchanges that further illustrate the frequent cheapness and satisfaction of partial telephone service. The public and private branch exchanges, in so far as their principal use is for interconnection through the same switchboard, can care for such connections at relatively low cost. Sometimes the user gets the direct benefit of this lower cost in a particularly low charge per telephone, and sometimes the benefit indirectly through the decreased cost or increased value to the public at large, and always the saving below the excessively high cost of a like number of connections through a main exchange. Suburban branch exchanges are frequently of this class. Hotel exchanges are also, particularly if there is a toll charge for main exchange connections. A manufacturing company in Columbus has 57 out of a total of 100 telephones that cannot be connected through to the main exchange. The greatest use of the branch exchange in the Ohio State University is for calling between departments. It is not even necessary to combine proximity with the common interest to get such exchange service. The main and branch postoffices in Columbus are connected on one telephone system; so, too, are the public schools—both at low, competitive prices.

Development is Needed: Can the State Help?

Is state control necessary to expand the business? It is difficult to see by what processes telephone growth can be enforced. What are needed for its continuance are free opportunity, with money and management at once careful and ambitious. The state cannot be expected to provide the money. The state would have difficulty in assuring proper management.

Is state control needed to encourage invention, to improve engineering methods, or to devise new schemes of economy and efficiency? There is a vast deal of improvement needed in the telephone business, but state regulation as a rule does not look in these directions.

Competition Not Exhaustive, But Enterprising and Protective.

The A. T. & T. report speaks of exhaustive competition, of double rates to meet double charges on double capital, double operating expenses and double maintenance. I have tried to show that the competition has not been and does not promise to be exhaustive, except as one of the competitors may exhaust itself in the effort to exhaust the other; and that the additional charges upon the public for service, for interest on capital, for operation and maintenance, fall very far short of being double. In some cases the so-called double rates fall so far short of double that they do not even reach the original single rates even for those who elect to take the double service, which is truly the original service multiplied more than tenfold. The great bulk of the public which chooses the single service gets multiplied benefits for much smaller payments. All industrial experience is against the assumption that the same management is given under monopoly as under competition.

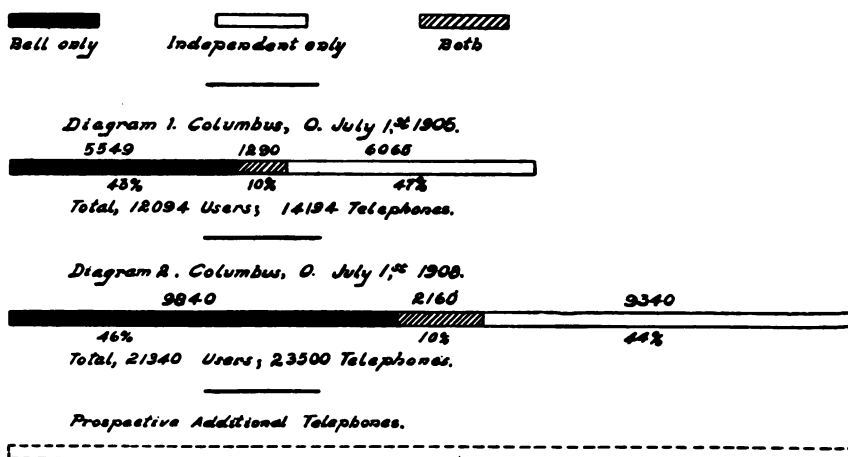
In conclusion, I may point out again that the telephone business is still largely an experimental business. Experiments of the past have been costly, but have brought large returns, from which the public has obtained a full measure of advantage. Additional experiment, it appears, can reasonably be expected to produce still greater returns. A large number of those whose capital is invested in the business are willing to continue their experimentations, their encouragement of inventions, their reaching into new fields, their study of new methods, their advertisement of the individual and public benefits of the service, and the like. The state is naturally and properly more conservative. In a business in which the public has no choice but to take that service which is offered under the auspices of the state, the state cannot well take any other view than that the only service available to the public must be protected at all hazards and experimentation and risk reduced to the minimum. When there are alternative competitive systems, either system, if it fails in its seeking after improved methods, does not take away from the public its opportunity to turn to the system whose methods do not fail.

APPENDIX.

[From the Bulletin of the Ohio Independent Telephone Association, July, 1908.]

In June, 1905, a report was made to the Board of Estimate and Apportionment of the city of New York by a special telephone committee of the Merchants' Association of New York. This report being in favor of a single telephone system for that city, it was printed and distributed by the New York Telephone Company.

The essence of the report of the Merchants' Association three years ago is supposed to lie in this expression: "Competition in telephone service does not offer a choice of benefits, but compels a choice of evils—either a half service or a double price." This is sought to be shown by diagram. One line of this is reproduced below as Diagram No. 1. The sheet from which it is taken is headed "Diagram showing detrimental effect of telephone competition. Increased and wasteful outlay due to duplication of telephones and barrier to intercommunication resulting from two systems." In this, attention is called to the fact that subscribers to the Bell telephone only cannot communicate with subscribers to the Independent telephones only, while those who can communicate with both are compelled to pay double charges. Columbus, Ohio, is taken from this diagram as representing at July 1, 1905, approximately an equal division between the two telephone systems. The second figure below shows the situation in Columbus on the same scale at July 1, 1908, or three years later. To this is appended a figure designed to show the prospective additional telephones in Columbus that should be supplied by one or the other of the two



companies within a few years. Neither company in three years past has taken care of all the business offered to it, by reason of the heavy investment involved in every addition to a telephone plant. It will be observed that at the present time the subscribers to either system can communicate with almost as many as could the subscribers to both systems three years before, while those who pay the charges on both systems can communicate with almost twice as many as before. In June, 1905, the Bell rates were reduced from an average of \$72 and \$42 a year for main-line business and residence telephones respectively to \$54 and \$27, while the party-line rates were made, on basis of two parties on a line instead of from four to ten, \$36 and \$18 respectively. The Independent company's rates have remained the same. The rates are unquestionably lower than they would have been in the absence of competition, and the values growing out of the additional number of connections are unquestionably higher.

In the list of cities chosen by the Merchants' Association for its diagram are a number whose comparative showing in three years has been better than that of Columbus.

Why We Believe in Telephone Competition.

[from the Bulletin of the Ohio Independent Telephone Association, August, 1908.]

Telephone monopoly has exemplified the "tendency of monopoly generally to make articles scarce, to make them dear, and to make them bad."

Telephone competition—real and potential—has made telephones plentiful, cheap, and good.

It is objected that competition is costly, that it does not give its results for nothing. But telephone competition is less costly than most. The construction, maintenance, and administration costs of two competing plants are but little more than such costs on a single plant of like extent, while the operating cost tends to be less. Often the saving of separation is more than its extra costs.

It is objected that competition divides the service. Telephone competition has provided any service that ever existed. It has built up new service—for both competitors. Monopoly divided the service between the few that had it and the many that had it not. Competition divides it into grades that correspond more nearly to what the public desires and can afford. Unified service costs more than divided service. Certain extra costs of double service are borne chiefly by those who have not developed service brings value far beyond their payments. One division of competing service is within reach of large numbers whose needs it meets and at a higher price would be divided away from all telephone connection.

It is said that the telephone is a "natural monopoly." It once was a legal monopoly. Since the expiration of that, it has shown no general tendency to monopolize. It does not agree with the conditions that are said to make for monopoly: In so far as it is a necessity, monopoly, rather than competition, has tended to make it inaccessible; its occupancy of highways is not exclusive; its returns are relatively diminished rather than enhanced by increased sales of service; it is a minor consideration, whose benefits can generally be had at a low price.

It is argued that governmental regulation would give the benefits without the cost of competition. This we do not believe. The greatest telephone need is for progress for future advancement. Competition presses upon the companies to provide this; the government pressure upon a monopoly for this purpose would be nil. Telephone service requires enterprise, progressiveness, ingenuity, courtesy, and other qualities; and such qualities as these law cannot enforce. The telephone business is in the making, commercially, technically, and financially. It is not to be conserved; it is one to be developed.

The points thus briefly outlined apply to the telephone business in its present struggling competing state. The separate arguments are not links in a chain, all depending upon each; but strands in a rope, each strengthening the whole but not vital to the individual strength of any other. Thus the general tendency illustrated in the first two paragraphs is held by many to sustain the case even though the other conditions were reversed.



(Continued from Second Cover.)

the public must pay double rates for service,

Increased payments are made by few, are small, and bring large returns; while diminished payments are made by many who could not but afford to pay more even for double the possible connections.

to meet double charges on double capital,

The investment duplication is thought to be less than twenty per cent. This because the most expensive portions of a plant are individual to the subscriber; others increase in cost faster than in size; and others, notably poles, are shared with other wire-using companies.

double operating expenses,

Operating expenses are lessened by division, because operating is very largely direct labor and the traffic is lessened by division.

and double maintenance.

Some maintenance items are increased and some diminished by separation of systems. The net result is not much different either way.

The gains of competition are said to be temporary, exhaustive, and excessively wasteful.

The wastes of competition in comparison with the wastes of a sadly imperfect art are shown to be small and mostly unpreventable. Competition, by encouraging invention and engineering, will reduce wastes more rapidly than monopoly.

References are made to other competitive arguments and some of these expanded.

The A. T. & T. Company thinks public control preferable to competition provided [its] "enterprise" is rewarded.

Public industrial regulation is experimental and only to be tried as a last resort. It is peculiarly unfitted to the telephone business.

It is sought to be shown in this pamphlet that unified service would not be worth its costs; that the business does not tend toward monopoly save through purposeful endeavor; that the greatest telephone needs are money and good management to develop the commercial and inventional possibilities, and neither private nor state-controlled monopoly can compare with competition for these purposes, while the public so much needs all that has been gained that it must have alternative systems.

TELEPHONE COMPETITION HAS

- Multiplied telephones
- Lowered rates
- Improved service
- Produced inventions
- Supplied villages
- Connected farms
- Ramified toll lines
- Enhanced telephone values
- Enhanced business and land values

TELEPHONE COMPETITION HAS NOT

- Divided any service that ever existed
- Increased cost in equal ratio with utility
- Wasted much that the future won't use

TELEPHONE COMPETITION IS NEEDED

- To watch the companies
- To give the public a choice
- To continue the growth
- To encourage invention
- To develop the possibilities of the business

TELEPHONE COMBINATION IS NOT NEEDED

- To conserve investments
- To effect savings
- To provide public opportunities that cannot be had more cheaply

5

**A POSTAL TELEGRAPH ESSENTIAL TO THE FREEDOM
OF THE AMERICAN PRESS AND THE PROS-
PERITY OF THE AMERICAN PEOPLE.**

SPEECH

HON. JOHN A. ANDERSON,
OF KANSAS,

IN THE

HOUSE OF REPRESENTATIVES,

SATURDAY, MARCH 1, 1884.

WASHINGTON.
1884.

S P E E C H
OF
HON. JOHN A. ANDERSON.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 4716) making appropriations for the naval service—

Mr. ANDERSON said:

Mr. CHAIRMAN: I avail myself of the latitude of a general debate to discuss the question, whether the present policy of appropriating money each year for telegraphic service to be rendered by private corporations should be perpetuated. This bill contains eleven different appropriations for such service, which will mainly be performed by the Western Union Company. Each of the thirteen general appropriation bills will contain similar provisions; and for a quarter of a century we have been appropriating indefinite sums to each one of the many Departments and bureaus of the Government for telegraphing. What aggregate amount was paid by the United States to the Western Union even last year alone no man in Congress knows, but it must have been large. And beyond all question the whole amount paid by Government to telegraph companies has been far greater than the cost of building all such lines on the continent. I have no doubt whatever that the amount received from the National Treasury by the Western Union in any five years has been greater than the actual cash paid up by its stockholders.

What has thus been true in the past will certainly and quickly be repeated in the future, unless there be a change in the present policy. And while that which I now desire to say would be equally pertinent to any other general appropriation bill, yet it is precisely germane to the one before us. This constant drain for telegraphing through scores of little vents has not heretofore been deemed worthy of notice in the general debate, yet believing as I do that our present practice rests upon a false principle, and that this question of public economy is of greater moment to the Government and the people than are several other topics which have been dwelt upon, I take the first occasion for calling the attention of the House to the query: Whether, instead of making heavy and indefinite appropriations for telegraphic service rendered by private corporations, year after year and decade after decade, it may not be cheaper, wiser, and better for Government to build and operate lines of its own?

THE OBJECTIONS TO A POSTAL TELEGRAPH STARTED BY THE WESTERN UNION TELEGRAPH COMPANY.

That is a broad question and suggests many others—more than I have time even to mention; but they will be covered by one of three main propositions:

1. Has Congress the legal power under the Constitution to establish

and operate telegraph lines as a part of the postal system of the United States?

2. If it has, should this power be exercised?

3. And if so, which of the many proposed ways of establishing a postal telegraph would be least objectionable and most efficient?

Weeks before Congress met, the president of the Western Union published in the North American Review an elaborate article denying the first and second of these propositions. A marked copy was sent free to each Senator and Representative. (I do not know who paid for them.) He labored to show that the establishment of a postal telegraph would be unconstitutional, inequitable, impolitic, and dangerous to the liberties of the people. Many of the daily papers, which are more or less dependent on the Western Union for the rates paid for press news, even if there be no stronger bond of union, re-echoed the cry, and thousands of persons not familiar with the real situation and with the ramified and sweeping power of that corporation have suddenly become doubtful as to the feasibility of or necessity for a postal telegraph. No illustration of the grip which that monopoly has upon the nerve system of national intelligence can be stronger than is furnished by the effect upon public sentiment, and especially in this building, of the fallacious article published by Dr. Norvin Green. Nothing could be clearer than the purpose of this salaried official of the most powerful and ambitious monopoly in America to forestall the action of Congress on proposed legislation. No brief by a corporation attorney could be less disinterested or more distorted. And to me it is marvelously surprising that in view of these facts so many gentlemen have willingly swallowed his story and gravely retail his objections as if they were not only true but axiomatic.

With a love for fair play I ask the indulgence of the House to make a few suggestions on the people's side.

IS A POSTAL TELEGRAPH CONSTITUTIONAL?

As to the question of unconstitutionality, the Supreme Court in the *Pensacola* case, 96 United States Reports, seven years ago, went as far toward affirming the power of Congress to operate a postal telegraph as it properly could go in a case which did not present that point in issue. It declares that Congress may assume the telegraph as a part of the postal service, and only reserves an opinion on the point whether Congress may not "exclude all others from its use." I quote the whole paragraph:

Since the case of *Gibbons vs. Ogden* (9 Wheat, 1) it has never been doubted that commercial intercourse is an element of commerce which comes within the regulating power of Congress.

Post-offices and post-roads are established to facilitate the transmission of intelligence. Both commerce and the postal service are placed within the power of Congress, because, being national in their operation, they should be under the protecting care of the National Government.

The powers thus granted are not confined to the instrumentalities of commerce or the postal service known or in use when the Constitution was adopted, but they keep pace with the progress of the country and adapt themselves to the new developments of time and circumstances. They extend from the horse with its rider to the stage-coach, from the sailing vessel to the steamboat, from the coach and the steamboat to the railroad, and from the railroad to the telegraph, as these new agencies are successively brought into use to meet the demands of increasing population and wealth. They were intended for the government of the business to which they relate at all times and under all circumstances.

As they were intrusted to the General Government for the good of the nation it is not only the right but the duty of Congress to see to it that intercourse among the States and the transmission of intelligence are not obstructed or unnecessarily encumbered by State legislation.

The electric telegraph marks an epoch in the progress of time. In a little more than a quarter of a century it has changed the habits of business and become one of the necessities of commerce. It is indispensable as a means of intercommunication, but especially is it so in commercial transactions.

The statistics of the business before the recent reductions in rates show that more than 80 percent. of all the messages sent by telegraph related to commerce. Goods are sold and money paid upon telegraphic orders. Contracts are made by telegraphic correspondence, cargoes secured, and the movement of ships directed.

The telegraphic announcement of the markets abroad regulates prices at home, and a prudent merchant rarely enters upon an important transaction without using the telegraph freely to secure information. It is not only important to the people but to the Government. By means of it the heads of the Departments in Washington are kept in close communication with all their various agencies at home and abroad, and can know at almost any hour, by inquiry, what is transpiring anywhere that affects the interests they have in charge.

Under such circumstances it can not for a moment be doubted that this powerful agency of commerce and intercommunication comes within the controlling power of Congress, certainly as against hostile State legislation. In fact, from the beginning, it seems to have been assumed that Congress might aid in developing the system; for the first telegraphic line of any considerable extent ever erected was built between Washington and Baltimore, only a little more than thirty years ago, with money appropriated by Congress for that purpose (5 Stat. 618); and large donations of land and money have since been made to aid in the construction of other lines (12 id., 489, 772; 13 id., 365; 14 id., 292).

It is not necessary to inquire whether Congress may assume the telegraph as part of the postal service and exclude all others from its use. The present case is satisfied, if we find that Congress has power, by appropriate legislation, to prevent the States from placing obstructions in the way of its usefulness.

Subsequent to the publication of Dr. Green's article, Postmaster-General Gresham, who has long been recognized as an able jurist, carefully investigated the whole legal question, and in his late report says:

I have reached the conclusion that Congress has the constitutional power in providing for the postal service of the country to avail itself of all the facilities devised by the inventive genius of modern times for transmitting messages and intelligence, and that it has full authority to buy or build lines.

His predecessor, Postmaster-General Howe, whose judicial acumen has rarely been equaled, said in his report for 1882:

After the fullest consideration I have been able to give the subject I am forced to the conclusion that the time has fully come when the telegraph and postal service should be embraced under one management.

The business of the telegraph is inherently the same as that of the mail. It is to transmit messages from one person to another. That is the very purpose for which post-offices and post-roads are established. The power to establish is not limited to any particular modes of transmission. The telegraph was not known when the Constitution was adopted. Neither was the railway. I can not doubt that the power to employ one is as clear as to employ the other.

The proposition will strike the average mind as indisputable, that Government may constitutionally possess and operate a telegraph wire in the same legal sense that it may own and handle the sacks in which it transports mail-matter, or that it may by its own corps of carriers distribute letters from a post-office to private residences, or that it may transact a banking business by issuing and paying the drafts termed money orders, or that it may conduct the most extended express business on the continent, and perform the service of a common carrier of general merchandise, embracing articles from garden seeds to whiffle-trees and dress patterns to Florida alligators. It is doing these things to-day and in accordance with the Constitution. And if it may legally own such property, employ men, and perform such service, then most certainly may it legally own and operate a telegraph wire.

A QUESTION OF CASE AND NOT OF CONSTITUTIONALITY.

The insincerity of Dr. Green's allegation to the contrary is vividly exposed by his chief object, which he states thus:

But if it be determined that the Government shall enter upon a public tele-

graph service, then it has acquired the right and is under obligation to take the existing telegraph properties in the country at valuation, as provided in the act of 1866.

In other words, if Government builds lines of its own and competes with the Western Union, then a postal telegraph is unconstitutional; but if it buys the Western Union property at \$80,000,000, then a postal telegraph is or may be constitutional. So that after all the issue is not one of legal power, but of \$80,000,000. This "constitutional" dodge has been so frequently played on so many different measures and so often exposed, that I turn from it with the remark that the ardent solicitude for the integrity of the Constitution evinced by the Western Union, the Standard Oil Company, the land-grant railroad burglars, and the whole host of corporation pirates would be amusing if it were not so nauseatingly disgusting, and possibly warrants the hope that this noble charter of liberty, which had a mighty hard time before they were born, will yet now and in some feeble way manage to straggle down the centuries.

INCREASE OF GOVERNMENT PATRONAGE.

But the objection to a postal telegraph most frequently urged, and seemingly with some effect, is that it would increase the number of Government employes and thus endanger the liberties of the people. The premise is true, the inference false. Dr. Green puts it thus:

* * * The genius of our Government is that the people rule: it is therefore adverse to the administrative power, for the time being, having any such advantage in directing or controlling the popular will. The telegraph (postal) would not only double the power, by way of patronage, of the Post-Office Department, but would give the administration party immense advantages in warmly contested elections. Who can say that sooner or later there would not be espionage of telegrams instituted? But even were it administered with the most sacred impartiality and inviolability of the privacy of messages, the opposing party would never believe it was so administered, and would not venture to use it in the private arrangements for the prosecution of the contest.

The employment of operators by Government would certainly augment the public force, just as does the hiring of any additional clerks: but how will this increase jeopardize the liberties of the people? Let us examine into that.

The dangers which lurk and inhere in every telegraph system, alike whether it be operated by Government or by a private corporation, must be either internal or external; that is, either exist in the opportunity for "an espionage [and betrayal] of telegrams," or in the efficiency of operators as an organized force in community.

No man can be more familiar with the facts in the case than is Dr. Green. He has had long experience as the autocrat of the telegraph. His opportunities for exact observation have been unequalled. He must be conversant with the possibilities of utilizing confidential telegrams for a purpose different from that of the sender. He has studied the efficiency of an organized telegraph force as a political engine, and discovers in it a power which, if wielded by Government, would threaten the nation's liberties. But may not his opinion be warped by the obligations of his official position?

ESPIONAGE OF TELEGRAMS.

As to those dangers which are internal, and which in the nature of things must inhere in every telegraph system, it is clear that if the volume of business after the opening of a postal telegraph were no greater than at present the same number of persons would be required to handle it. Suppose all of these persons now to be in the employ of the Western Union, and dependent for bread and butter upon the will of, say, Dr.

Green; but that, after the establishment of the postal telegraph, one-half would be in Government and one-half in Western Union employ. If those men can be used as spies, or as a political machine, then Dr. Green may now so use the whole of them for the avaricious purposes of his monopoly, and by so doing may far more seriously endanger the liberties of the people than if his power were reduced one-half, or than, on the worst supposition, if his half were counteracted by the Government's half. Of Dr. Green, personally, I have nothing unkind or ungenerous either to say or to insinuate. But in the Western Union and in its corporate character I have no more confidence than I have in a rattlesnake—not a whit more.

Mr. MILLIKEN. I rise to a question of order.

The CHAIRMAN. The gentleman will state it.

Mr. MILLIKEN. I desire to know, as I am not at all familiar with the rules of this House, whether it is proper that a speech upon the Western Union Telegraph should be made when a question of the naval appropriation bill is before the House; and if it is in order, whether it is because of the watered stock of that company that it comes in under the question of a naval appropriation bill?

The CHAIRMAN. The Chair will state to the gentleman from Maine that the House is now in Committee of the Whole on the state of the Union, and the gentleman from Kansas has the right under the practice of the House to discuss any matter that he chooses.

Mr. ANDERSON. And the swiftness and owlish solemnity with which he insinuates that "sooner or later an espionage of telegrams would be instituted" by Government, and that a postal telegraph would become a dangerous political engine, certainly justifies the query whether the Western Union telegraph is now or ever has been so used?

Does he speak from official knowledge or simply as a philosophic observer of abstract possibilities? If from the former, then I for one would infinitely prefer to trust any political party whom the people shall place in power with one-half the telegraphic facilities and force of the continent than to trust Mr. Jay Gould with the whole of them. And I venture the assertion that 50,000,000 of Americans feel exactly the same way. But if he speaks merely as a philosopher, then while admiring the disinterested patriotism which impels him to ring out a warning, yet I can not share his vivid apprehensions of danger to the people's liberties from a Government telegraph.

Are not the people themselves the real government? Do not the majority of them compose the "Administration party?" Do not the people make and unmake the officers who for the time being constitute the Administration? Will not the people be safer in the hands of men whom they select every two or four years than to be solely and absolutely in the hands of men whom Mr. Gould and other owners of the Western Union exclusively select?

If it be "the genius of our Government that the people rule," how can that genius be "adverse" to a Government telegraph which would break Mr. Gould's absolute rule through the Western Union monopoly? Is he "the people?" And if a telegraph system is inherently a dangerous engine, should not the people at once take it wholly into their own hands and out of Mr. Gould's hands? At any rate, would not their liberties be better conserved by the establishment of a postal wire over which they might send tidings without the possibility of espionage by Western Union employes, rather than as now over Western Union wires alone? These questions answer themselves; and the answers conclu-

sively show that so far as internal elements are concerned the liberties of the people would not be endangered by a postal telegraph.

On the other hand, they would be preserved against existing dangers; because the real issue to-day is not whether a postal telegraph can be freed from the possibility that an operator may know and betray the contents of a message, or the resultant possibility of an espionage of telegrams by his employer. These possibilities, being inherent in all telegraphs, are as true of the Western Union as of every other line, and the guards against them in the form of "ciphers" would be just as effective on the Government's wires as they are on Western Union wires—no more, no less. But the exact issue to-day, since telegraph lines do exist and will be used, is whether a postal operator would be as trustworthy as is a Western Union operator; whether the danger of espionage by men responsible to the people would be any greater than by men responsible alone to Mr. Gould; whether the public shall have at least one line on which private individuals can not exercise the right to place operators whom they may use as spies, or whether corporation czars shall furnish the only lines on the continent, and alone select the operating force. That is the real issue.

A POSTAL OPERATOR CONTROLLING AN ELECTION.

But perhaps the dangers are external, and are to be found in telegraph employes as an organized force acting on society, and I wish to ascertain, if possible, the real power of postal operators, appointed under civil-service rules, as a factor in partisan politics, and whether that power may become dangerous to the Republic; because Dr. Green assures us that there are dangers somewhere, and as they are not internal, they must be external.

Standing upon the eminence of his vast experience and looking down upon the busy population of the continent, his eye rests upon a town of say 5,000 persons, having 1,000 voters and a post-office, in which are two Government operators, one for day and the other for night service. On election morning his prophetic soul discovers that pale-faced but bloody-minded night operator, after twelve hours on duty, rallying at the polls and savagely tearing the liberties of the people into tatters by ruthlessly compelling the thousand voters to deposit the ballot indicated by the Administration party. And this fiendish outrage would actually be accomplished were it not for the gallantry of Dr. Green, who, rushing to the rescue, with the Constitution of the United States in one hand and the flag of the Western Union, starry with "franks," in the other, leaps between those hundreds of defenseless American citizens and that terrible desperado of an operator, and bids him "Avaunt ye!" while Mr. Gould silently continues to gather in the Western Union ducaats. There's patriotism for you, and likewise "richness!" If the lobby of the Western Union can prevent it, that bloodthirsty operator shall not surround and capture any regiment of Americans anywhere!

Now, I do not undervalue the destructive force of that Gatling gun of an operator as a power in partisan politics, but concede that Dr. Green is right as to *him*! And in my district there would be, if the postal telegraph were established, just about twenty such bristling political pirates—only at least ten of them would be girls. But where it seems to me that Dr. Green is mistaken is with respect to the sagacity and courage of the American people. There are over 160,000 of them in the district I have the honor to represent, and I really believe that those 160,000 Kansans would actually preserve their political liberties as

against the whole twenty or even forty operators, especially as the girls would be apt to marry. And what is true in that district is precisely true in all other districts. Even at the improbable rate of fifty operators to a district there would still be 3,000 people to one operator; and whenever 3,000 Americans can not defend their liberties as against one operator chaos may as well start on the rampage. Even to discuss such an absurdity seems to demand an apology.

INCREASE OF POSTAL EMPLOYÉS EXAGGERATED.

The only other possible avenue of danger to our liberties from a postal telegraph is in the power which would be given to the Administration by the additional patronage; and over this dire possibility the Western Union lobby fairly shrieks.

The other day Dr. Green endeavored to convince the Post-Office Committee of the Senate that if a postal telegraph were established, "within five years the Government would find itself with an army of 100,000 employés in the telegraphic service." He reaches this conclusion by supposing that the number of operators employed on the Western Union is "probably 30,000," and the number of messengers "a little army;" that the number of persons in telegraphic service employed by all railroad and telegraph companies is between 40,000 and 50,000; that a postal telegraph would double the present volume of business in four years, and that within five years it would have an army of 100,000 employés. Mr. Hubbard, who is an expert in telegraph history, punctured the statement that the number of Western Union operators is 30,000 by saying: I suppose you have in your service somewhere about 8,000 or 10,000 operators? Mr. GREEN. In the Western Union I think *that is about the fact*.

There is a difference of 266 per cent. between 8,000 and 30,000. And whether the basis of estimate is to be 30,000 operators or only 8,000 operators, and whether the number of messengers is "a little army" or only 2,000, are points that must materially affect the accuracy of the "100,000" total of Government employés, and may reduce it to 28,000. It is a sample of the sort of bosh which Mr. Gould's employés are trying to palm off on the American people as "facts," I extract from the statement of Dr. Green before the Senate's Post-Office Committee, January 1, 1884:

Mr. GREEN. * * * The number of employés in the present telegraph system is very difficult to ascertain. Under our contracts with railroad companies, out of 10,000 offices, about 9,000 offices are open for the public for commercial business and social messages. Over 9,000 offices are maintained by the railroad companies, and the employés are the employés of the railroad companies.

The CHAIRMAN. Can you state how many employés, aside from those employed by the railroad companies, the Western Union has?

Mr. GREEN. I can not give you that exactly. * * * I should say, therefore, that there are probably 30,000 operators employed on the Western Union lines. There are probably 5,000 or 6,000 other employés engaged in constructing and maintaining the lines, superintendents, clerks, and officers.

Mr. HUBBARD. I suppose you have in your service somewhere about 8,000 or 10,000 operators?

Mr. GREEN. In the Western Union I think that is about the fact.

Senator PALMER. That is exclusive of your messengers?

Mr. GREEN. Yes, sir.

Senator PALMER. How many messengers are employed?

Mr. GREEN. In the large cities there is a little army of them. I suppose we have 125 in one office in New York, and we have quite a number of them everywhere.

Mr. HUBBARD. About 2,000 messengers, I guess.

If his answer to Mr. Hubbard is correct, then the answer to the chairman's question is incorrect, and the 30,000 employés include those of

the railroads as well as of the Western Union. But if this be the case, then certainly one-third of the operators are not engaged in transmitting public messages, because of the whole 13,000 offices reported by the Western Union 4,000 are exclusively railroad offices and not open to the public. Of the 9,000 offices which are so open, 5,000 are maintained by the roads and 4,000 by the Western Union. In these 5,000 offices, maintained primarily for railroad business and only incidentally for public messages, the time of a postal operator, were these offices transferred to a post-office, would not be fully employed. He would have as much time for routine post-office business as the present operator has for railroad messages and station-agent work. In other words, the postmaster or his clerk would also be an operator. And just to this extent the number of Government employes and the amount of patronage would not be increased; the only difference would be that in addition to their present qualifications the present post-office force would need the knowledge and skill of operators. So that the real increase would be equal to the 8,000 operators now employed in the 4,000 Western Union offices proper, with the 2,000 boys as messengers, and linemen, &c., say 13,000 all told. That would be on the average thirty-eight employes to a Congressional district of over 150,000 people, or one additional employe to each 4,000 Americans. There is a glaring difference between 13,000, or even 26,000, and "an army of 100,000 employes on the telegraph system."

GOVERNMENT "PATRONAGE" WHICH SAVED THE UNION.

But suppose it were 100,000. Would that rack the American Constitution or debauch the purity of the people? This generation has seen the day when the "patronage" of the Government was suddenly expanded by the appointment, equipment, and maintenance of 2,500,000 armed soldiers, by the building of a powerful navy, and by all the emergent necessities of the most colossal and expensive war of the century. For five years the continent shook beneath the tread not of operators nor of messenger boys, but of fierce warriors. And neither during the war nor at its close did these men jeopardize the nation, diminish the purity of the people, cool their love for the flag, or thwart the best interests of the Government. They saved the nation, they ennobled the people, they burnished the glory of the flag, and so endeared this Government to the American people that, after the strain of such a war, which only made it the stronger, it may safely risk the rack of 15,000 or even 100,000 postal employes, who would be just as true to it and to the people as were the two and a half millions of boys in blue.

Now, Mr. Chairman, when sifted, just this, and nothing more, is the terrible force of these two great objections to a postal telegraph so triumphantly vociferated by the Western Union lobby, and so thoughtlessly re-echoed in this Capitol, namely, its "unconstitutionality" and that dare-devil of an operator with his coincident patronage. The first is not true in fact, and the second would be silly if it were not too densely stupid, because it rests on the assumption that the American voters are either dolts or cowards, or else that an administration quadrennially elected by them is stronger and more outlasting than are the people; and there is not a man on this floor who really believes any such rot, no matter how many Western Union franks he may have in his pocket.

HE WHO PLEADS EQUITY MUST FIRST DO EQUITY.

As to the rest of the Western Union allegations nobody even pretends to believe them, much less to retail them. Everybody knows that its

stock is watered worse than city milk; that its charges are as uneven, usurious, and outrageous as unbridled rapacity can make them; that its profit on the average message, as shown by its own reports, is about 65 per cent. of its alleged expense; that in its relentless ambition to monopolize the telegraphy of the continent it has wrecked and destroyed millions of other people's property; that each year, like a vampire, it has sucked from its customers millions upon millions of dollars more than its service was fairly worth; and that, with its attorneys, its allies, its lobby, its franks, and its other resources, it triumphantly defies Congress, and laughs at the mere idea that a postal-telegraph bill can ever be enacted into a law. Were there no other reason for such enactment this alone should be sufficient to Representatives acting only as agents for the American people. On the matter of franks I extract from Senator Hill's speech as follows:

As to the attempted control of governmental action by the Western Union Company, it was boldly acknowledged by the president himself in his annual report for 1873 in the following language:

"The franks issued to Government officials constitute nearly one-third of the total complimentary business. The wires of the Western Union Company extend into thirty-seven States and nine Territories within the limits of the United States, and into four of the British provinces. In all of these our property is more or less subject to the action of the national, State, and municipal authorities, and the judicious use of complimentary franks among them has been the means of saving to the company many times the money value of the free service performed."

I do not need to assume the responsibility of charging the present existence of all the abuses which are possible, or even of those referred to, in the management of the telegraph. It will be sufficient for us to say, in the words of the late Postmaster-General Howe:

"Knowing that it can be so abused, it seems to be the dictate of prudence not to wait until it is so abused. It is an agency much too dreadful to be intrusted to private hands."

UNURPATION OF POSTAL FUNCTIONS BY THE TELEGRAPH COMPANIES.

And now I desire to present a few facts which in my judgment render the immediate establishment of a postal telegraph imperatively necessary, not merely as a matter of convenience to the people but as a measure of security to the Government and of public defense against the exercise by a virtual monopoly of the most dangerous power that can be wielded in a republic.

The Continental Congress declared the object and function of our postal system to be "the communicating intelligence with regularity and dispatch from one part to another of these United States." Intelligence may be communicated between persons by words spoken, written, or printed, and by signals. As to modes of conveyance, words may be taken to distant persons in mail-sacks or by telegraphic or telephonic wires. In fact, a word itself is nothing more than a mail-sack containing the specific idea which that word is used to express. And as ideas are the essence and vitality of intelligence, and therefore the conveyance of ideas the very substance of the act of communicating intelligence, it is wholly immaterial what exact process of transmission is employed, whether that of sending the paper on which words are written or printed, that of signaling the word by telegraph, or sending it by telephone. The whole point and essence of communicating intelligence is the transmission of precise ideas.

The duty of conveying these communications between people widely separated is by the Constitution and statutes exclusively assigned to the United States Government, the reason being that not only the welfare of the people but the safety of the state itself may at times wholly

depend upon the certainty, inviolability, and speed of such conveyal. To intrust to private individuals a work freighted with consequences that might vitally affect the whole people was deemed by the forefathers as dangerous to the Republic they planned so wisely and loved so well. Hence the conduct of the postal business was vested in the General Government as an absolute monopoly, and no person or even State may lawfully become a carrier of mails except as the authorized agent of the United States.

But it has happened in the march of civilization, and since the adoption of the Constitution, that the courier and the coach have been supplanted by the locomotive, and it by electricity. So that to-day by far the greater part of that intelligence which most vitally concerns the masses, and especially the commercial world, is transmitted by wire, and neither by rail nor coach. In every county on the continent the price which a farmer will receive for his products is regulated each day by telegraph, and in most of them every hour. Probably four-fifths of the whole business transacted in America turns upon the news flashed every few minutes over the wires, while nearly the whole of the news upon which the public breakfasts is contained in the dispatches.

I doubt if any man does or can realize the full extent of the inroad by the telegraph upon the postal system as the true and real conveyor of communication between the people, and the broad sweep of the usurpation by such companies of the constitutional functions of the Government to communicate intelligence. We have been, and are yet, asleep to the true situation. If the railroad companies when opening their roads had claimed the right to carry such intelligence as the people prefer to send by steam rather than by stage-coach, the penalty of the postal laws would have been quickly enforced, because the Government alone could rightfully carry letters. But now, when the people prefer to telegraph the words of a message rather than wait till the identical piece of paper on which those words are written is conveyed in a mail-bag, we find that the very work which the Constitution vests in Government alone is chiefly being performed by an unscrupulous corporation. What earthly difference does it make whether the original piece of paper goes, so long as the words are conveyed? None whatever in effect. The real function of the postal system is the transmission of intelligence from one part of the country to another. And yet the telegraph companies, little by little, insidiously and increasingly, have usurped this function to such an extent that if the people were suddenly deprived of their wires and thrown back upon the United States mails alone it would be as if the sun should set at noon. Notwithstanding which fact the paid agents of these companies actually have the impertinence to tell Congress that the establishment of a postal telegraph would be "unconstitutional" and inexpedient.

AMERICAN TELEGRAPHY AND THE AMERICAN EDITOR.

The Western Union Company alone has 432,000 miles of wire, or enough to put seventeen different girdles about the globe. It has 13,000 offices, and likely 50,000,000 of our population are within five hours of a telegraph key. It transmitted last year more messages than the whole number of letters carried in United States mails in 1843. Its revenues last year were greater than that of the Post-Office Department in 1870. Not only is it the common carrier of important social communications, but it is well-nigh the exclusive carrier of commercial, political, and general intelligence. "The importance of its intelligence

far exceeds the magnitude of its business;" and as compared with the postal system it is to-day the great carrier of those tidings on which the commercial prosperity of America pivots.

Because, wherever there is a Western Union office proper, near by is an alert sentinel of the veteran corps of the Republic, an American editor. Nothing escapes him, from the latest case of "didn't know it was loaded" or the condition of crops, to the progress of a flood or the appearance of an epidemic. He is one of the countless eyes of the grandest army of news-gatherers the world has ever seen. Whether his paper be daily or weekly makes no difference. He is one of the corps, and let an event happen that the public ought to know, and he is as sure to telegraph it to the press as he is to accept a subscription for his paper. Every day he is on duty in every town and near each hamlet on the continent, and nothing of importance happens anywhere under the flag that is not gathered for the people and flashed by night to the news centers; while along the cables which dive beneath the gales and waves of ocean, and clasp hands with the wires of all the continents, the news of all nations are interchanged. The facilities for gathering and communicating intelligence are almost as universal, active, and wonderful as the sun's rays. They are as the clustered diamonds in the crown of the empress of modern genius. And no army could more safely rely upon the vigilance of its sentinels than may the American people upon the sagacity and fidelity of their news-gatherers and proclaimers—the American press.

CENSORSHIP OF THE ASSOCIATED PRESS.

The process of action is substantially this: Suppose several important events have happened to-day in Kansas, Nebraska, and Colorado at points where there is not a daily paper. Editors of dailies are always agents of the press association which supplies their dispatches. The editor of a weekly at those points will telegraph the event to-night to the Associated Press. His message will go to Saint Louis and be sifted by a sort of censor or manager of the Associated Press, who decides what shall appear, how much shall appear, and the precise form of its appearance. He may suppress or include what he pleases, and may give just such color to an item as suits his fancy. And after thus deciding he telegraphs back to the Kansas dailies the dispatches which they publish to-morrow.

That is a sample of the continent. And I am informed that there are just three such censors who sit in judgment upon all the news gathered in the United States by the Associated Press—one at Saint Louis for the West and South, one at Chicago for the Northwest, and one at New York for the East and South. Whatever is telegraphed from the territory in his jurisdiction goes to that censor, and whatever appears in the papers of his territory is telegraphed to them by him. All the Western news which appears in the Eastern associate press dailies is first telegraphed to the New York censor by Saint Louis and Chicago, and he after revising their revision transmits it to these dailies. In addition he receives and puts in shape the Eastern items, and, what is often of more importance to the commercial, industrial, and agricultural interests of the West and South, formulates the cable news, suppressing, including, and phrasing it as he thinks best. And not only does he thus shape the dispatches for the Eastern press, but those respecting both Eastern and foreign intelligence for the Western and Southern press, which he wires to Saint Louis and Chicago.

These three censors—and it makes no difference about the exact number, the principle is the same—may discharge their momentous duties with the utmost honor, sagacity, and integrity; and, then again, they may not. But whether they do or do not, the power vested in them, and especially in the New York censor, is more startling, more dangerous, more cyclonic than the wildest despot of Europe ever dreamed it possible that one man could be permitted to wield.

POWER OF THE CENSORS TO INFLUENCE PUBLIC OPINION.

Because he who decides what news the American people shall read to-morrow and what they shall not read, decides what the American people shall think to-morrow, shall feel, shall talk, shall act—it may be through many to-morrows. As the sun sweeps across the continent, and as America opens its daily, to devour the praise accorded say to one Congressman or the sneer at another, the “public opinion” of America as to those two men is forming. And that opinion is molded by the phraseology which either is or may be decided by one of the three censors. The coloring which is given to a fact often impresses men more than does the bare fact itself; and the power to give that color, as well as to wire or suppress the fact itself, is vested in the censors not only as to political intelligence, but as to the commercial, industrial, social—indeed, all the items of American and European news.

In comparison with the power of the New York censor the amplest power of the President of the United States in shaping public opinion is as a babe's breath to a tempest. In similar comparison, the power of Congress to enact laws, and of the Supreme Court to interpret law, is as the autumn leaf below the growing wheat of spring, on which presently men will feed their beliefs and make vigorous their action. And this great people, liberty-loving to the very core, which would spend the last dollar before the freedom of the press should be forcibly abridged, and would fight to the last hour before a king should supplant an elected President, finds itself to-day the reader of and the feeder on just what news the censors allow them to read and feed upon.

DANGER TO AMERICAN LIBERTY.

Who elects those censors? The people elect the whole range of officials from coroner to President. Have they any voice whatever in the choice of the New York censor, who may wield a greater practical influence than all the officials in all the States of the Union? Who employs and pays these censors? To whom are they responsible for the discharge of their momentous trust? At whose beck will they lose position and with it perhaps bread and butter? At the nod of the people? Oh, no! These gentlemen are chosen by the press association, composed of the associated dailies as a sort of a joint-stock company, and are said to be most excellent men.

Concede all the good things which can be said of them and of the gentlemen to whom they are responsible, yet the fact remains that such a power of censorship upon the news of the world before its transmittal to such a nation as ours, is dangerous to commerce, menacing to liberty, a cancer upon the body politic, and a monstrosity in civilization. Any monarchical government that should attempt to inaugurate such a system would be burnt to ashes by the flash of the lightnings of revolution. But it exists to-day in America as the logical sequence, the sweet flower, of that precious plant, the Western Union monopoly!

POWER OF THE WESTERN UNION OVER THE ASSOCIATED PRESS AND ITS DAILIES.

Be it conceded also that there is not a substantial agreement by the Associated Press to oppose any telegraphic enterprise inimical to the Western Union Company—a postal telegraph, for instance. Not long ago there was such an agreement, as appears from the following:

[Private circular. Not for publication.]

CINCINNATI COMMERCIAL OFFICE, April 15, 1887.

TO THE MEMBERS OF THE WESTERN ASSOCIATED PRESS:

Your attention is invited to the clause in our contract with the telegraph company which forbids us to encourage or support any opposition or competing telegraph company. That clause was to the telegraph company a valuable consideration for the favorable terms upon which they contracted with us.

MURAT HALSTED,
Executive Committee W. A. Press.

And Dr. Green peremptorily refuses to produce copies of the existing contracts, though bidden so to do by authority of the United States Senate. But concede the statement that old things have passed away, and that the relation between the Associated Press and the Western Union is solely that of a patron and a common carrier, and that the press would defiantly resist any influence over it attempted to be exercised by the Western Union; still, what exact relation must in the nature of things exist between the two? If the Western Union should happen to demand the support of the Associated Press against, say, a postal telegraph, and if that association should rise in its might and, battling for the freedom of the press, should say "No!"—then what? Would not the Western Union have the power to say, "We will terminate our special rates, now averaging 6½ cents per hundred words" (Dr. Green's testimony), "and hereafter charge you the 48 cents for ten words which the average public pays?" How could the press association continue its business or how could the dailies afford to take dispatches? What other lines could the majority of the papers use? Is not the press association dependent for its very possibility of existence on the will of the Western Union? And as to the dailies, how long can a daily paper without dispatches live in competition with one having dispatches? There is not a daily paper in America which the Western Union can not kill within any twelve months if it so wishes. And no difference what the dailies might or might not do, the fact is that the Western Union has the power to muzzle many of them and to cripple all of them if it chooses to exercise that power. The security of the dailies, then, and of their readers, rests, not in competition, not in the laws of the nation regulating the charges of the Western Union as a common carrier, but in the alleged humanity and justice of the Western Union. It might lose this power, but "it is too good to do so." Is that sufficient security?

THE MONOPOLY MUZZLE.

Many people do not estimate the high purposes and disinterested character of that corporation as does Dr. Green. For instance, it happened that for three years the Chicago Inter-Ocean had the lease of a private wire from here to Chicago, over which its correspondent sent all reports. Senator HILL a few weeks since delivered a very able speech favoring a postal telegraph, and it was telegraphed to the Inter-Ocean and published the next morning *verbatim*. The Murat Halsted circular was a part of it. That evening at 5 o'clock the correspondent

was notified over the Baltimore and Ohio wire that the Western Union lease had expired. Did it really expire that day by lapse of life, or did the Western Union withdraw the wire because of the publication of Senator HILL's speech? Some of our city papers affirmed the latter, and so believing at the first opportunity I denounced it on this floor as an outrage. Afterward I was assured that it was only a coincidence and not at all a consequence, and that the Inter-Ocean manager had published a card to the effect that there was no difficulty whatever with the Western Union, and that the most friendly relations existed. However, he leased a wire from the Baltimore and Ohio Company. And the question is whether the fact that his paper, in order to compete successfully, must also take several thousand words per day of Associated Press that only go over the Western Union wire, had anything to do with the friendliness of these relations? Was the withdrawal of the Western Union wire a consequence or merely a coincidence? If the latter only, I have nothing to say. But if the former, then the corporation which would so act toward a daily for publishing a speech delivered in the United States Senate ought to be abolished by law as an enemy to American liberty, and the responsible officer of the Western Union who executed that edict ought to be imprisoned as an assassin of the press. The mere fact that such a thing can be done is conclusive evidence of the need for a postal telegraph.

On this point Mr. Hubbard states as follows:

And how is it with the press news? The Western Union Telegraph Company and the Associated Press make a close corporation. I do not mean to say that to-day I know of any fault to be found with the management, but in discussing this question we must be guided by the experience of the past, and inquire what power this company can exert by learning what it has done in the past.

A few years ago two papers in San Francisco favored the postal telegraph. Their rates were raised. One of them died because it could not pay them. The other ceased to publish attacks on the Western Union, and was restored to good-fellowship.

A paper in Virginia several years ago criticised the reports that were sent to it. It was notified that if it published any criticism upon the reports they would be stopped.

A few years ago there was a criticism upon some action of Mr. Orton, the president of the Western Union. The next day, or the next but one, the rates of that paper were doubled. It ceased to receive any telegraphic dispatches because it could not pay for them.

The telegraph company can raise or reduce the rates. Its control over the press is therefore absolute. It has the power of life and death, for the telegraphic news is the vital breath of the daily newspaper. Such a power can not exist without its exerting a pernicious influence on public affairs, and every observant public man has long perceived the demoralizing influence of this powerful but subtle agency.

Let us consider the power of the telegraph as an educator of the people. The current history of the times is first given to the country through the telegraph.

Let me write the songs of the people, and I care not who makes the laws," is an old saying. Here it would be truer, if less poetical, to say that the man who rules the Associated Press is master of the situation; for if he has the ability to wield it he has an instrument for shaping the opinions of the millions, which, by its constancy, universality, and rapidity of its action, defies competition. Its events which take place in all business, political, and religious centers, together with the actions of public men and their imputed motives, are all presented simultaneously to the public from ocean to ocean, through this instrumentality.

The agents who collect the news respond to the central authority at New York, and are subject to removal at its pleasure. Here is a power greater than any ever wielded by the French Directory, because in an era when public opinion is omnipotent it can give, withhold, or color the information which shapes that opinion at its pleasure. It may impart an irresistible power to the caprice of an individual, and the reputation of the ablest and purest public man may be fatally tainted in every town and village on the continent by a midnight dispatch. It is incompatible with public safety that such an exclusive power to speak to the whole public at the same moment upon every subject, and thus to create public

opinion, should be under the absolute control of a corporation. The obstacles which the telegraph and these associations can throw in the way of any new journal amount to virtual prohibition against publishing a first-class, independent newspaper in the land, and thus the existing combination has possession of the exclusive privilege of making the first and, with many, the last impression of every event.

DANGER TO THE WEEKLY PAPERS.

Suppose now that a law were passed copyrighting press dispatches for forty-eight hours, what would be the effect on the weekly press, and how far would the possible power of the Western Union over the dailies be extended over the country press? Either the latter would have to do without the latest news or pay for them to the dailies—which would be profitable to the dailies. In the end the stronger weekly in a town would be forced into the combination. But when this occurred generally these weeklies would be as much within the possible power of the Western Union, of which Mr. Gould is said to be chief owner and controller, as are the dailies now. Is that a condition of things compatible with the public good or the public safety?

And yet precisely such a measure is pending in this House, and those who oppose it are denounced as "robbers." While there may be a possible ground for copyrighting an "editorial" as the product of an editor's brain, what ground is there for copyrighting, say, election returns, or the news of Garfield's murder? Does the editor create news in the sense that an author creates a book? To my mind that measure is a glaring wrong, glittering with impertinence. And the weekly press of the nation had better wake up. If it will look far enough it will discover a very fine Italian hand manipulating the measure.

IS A POSTAL TELEGRAPH PRACTICABLE.

But now let us examine the question of practicability and see whether the establishment of a postal telegraph is feasible in view of its magnitude, of the great cost of net-working the continent with lines, and of the temper of Congress and the country respecting large expenditures of public money for new purposes.

That raises two cognate questions, the one of ways, the other of means. As to ways, Government might enter into contract either with new or existing companies for the transmission of postal telegrams; and, again, it might either buy existing lines or build new ones. As to means, it can appropriate the necessary money directly out of the Treasury, or it can procure it by issuing and selling United States bonds.

So far as this House is concerned the matter of practicability would mainly turn upon the largeness of the amount required and the mode by which it should be provided. Suppose the amount were \$6,000,000, and the mode a bill making a direct appropriation from the Treasury—that bill would, in my judgment, be certainly defeated, and because of four quite different elements in antagonism: 1. Those opposed outright to a postal telegraph. 2. Those adverse to large appropriations for purposes not required by existing law. 3. Gentlemen of the majority who, recognizing that the Democratic party is responsible for legislation and appreciating the force of the "economy" plea, would say that while the measure might be right enough some day, yet their party can not afford to go into a Presidential campaign with a larger aggregate expenditure than that of the last Republican House, and, therefore, that appropriations must be kept down. 4. Those who would urge that as

the whole people should not be taxed for the benefit of the relatively small number who use the telegraph, they should resist any appropriation for the benefit of a class.

THE WESTERN UNION GAME.

The Western Union lobby would ply these and many other arguments vigorously; and such of the papers as are substantially under contract to oppose everything adverse to that corporation, in consideration of obtaining press messages at lower rates than the public pays, would herald far and wide the cries: "Wasting the people's money!" "Grinding the poor man for the benefit of the autocrat who telegraphs!" "More Government patronage!" "Another fat job for contractors!" and whole broadsides of similar points; all of which the kind and thoughtful Dr. Green would probably gather and print in another pamphlet, like the one he has recently furnished us, in the shape of another "appendix showing the reflex of newspaper criticism," and in the continuance of his previous generosity he would mail it to us, postage prepaid, that we might the more easily discover the drift of "public opinion!"

And somehow that suggests the old song:

"Will you walk into my parlor?"
Said the spider to the fly.

But whether the method of making a direct appropriation out of the Treasury be or be not the better one, as an abstract proposition, I believe that such a bill would certainly fail. The Western Union lobby has always been able to kill every measure which embodied this feature, and probably it always will. The power of that corporation in its own right, and the wonderful and ramified power of its allies, all the greater because hidden and unsuspected, has never been equaled in American history, and he who either overlooks or undervalues it as a dominant factor in the problem of legislative feasibility will in the end have cause to repent a vital mistake. And while I neither say nor believe that every gentleman who prefers the appropriation method to the bond method is at heart opposed to a postal telegraph, since men looking at the same object from different standpoints and with different intensity will form different conclusions, yet I do believe that if the Western Union could have its way as to the shaping of a postal-telegraph bill it would greatly prefer the appropriation method and resist the bond method. That would be its game, because it could more certainly defeat the bill, and because it has a large stock of ammunition saved from former battles over that same ground, in which it was always victorious.

A POSTAL TELEGRAPH CAN BE BUILT WITHOUT COSTING THE GOVERNMENT A DOLLAR!

It was because of this belief in part that in the bill H. R. 511, which I introduced in the last as in this Congress, the departure was taken from previous telegraph measures by adopting the bond method. It proposes an issue of \$6,000,000 United States bonds at the lowest rate of interest, irredeemable for ten years, and payable at the rate of \$300,000 in each one of the subsequent twenty years, the interest and principal to be paid out of the earnings of the postal telegraph. The proceeds obtained from the sale of these 10-30 bonds in open market would build and equip three trunk lines, which, with their branches and connections, would link together the capital of each State and every

free-delivery post-office, besides hundreds of smaller offices, and would at once place the Government in possession of its own facilities for reaching all the thickly-settled portions of its territory.

Every one familiar with the enormous profits of the telegraph business knows to a certainty that the earnings of a postal telegraph would far more than meet the interest, and after ten years annually redeem one-twentieth of the principal. During the last seventeen years, in many of which the Western Union has been under keen competition and at great expense in buying out rival lines, the least profit which it made in any one year was \$2,227,965, and its average annual profit has been nearly four millions (\$3,800,000). Its profit last year, as shown by the appended table, was \$7,660,350; and its total profit during the seventeen years has been over \$65,000,000. Its least profit in the last five years was nearly five millions, and its average annual profit in that period was six and a quarter millions. If the profit of the postal telegraph were but a quarter of this latter amount, or \$1,562,500, it would certainly meet the \$120,000 of yearly interest and assure the annual redemption of \$300,000 principal when due. That result is as absolutely sure as are the forty-odd millions of postal revenue from the sale of postage stamps; and there is not a capitalist in America who would not take these bonds, even were the Government not otherwise a guarantor, simply on the certainty of the business.

And, Mr. Chairman, this plan could not cost the tax-payer a single cent either in principal or interest. It could not cost the Government a fraction of a cent. It is simply a loan of the Government's credit to itself, through one of its own Departments, converted into its own telegraph lines, the interest to be paid and the loan to be repaid by the persons who shall send messages over those lines. That, and that alone, is the whole of it. Congress is not asked to make an appropriation. The party in power and responsible for legislation is not asked to swell the aggregate of expenditures. There is no waste, and can be none, of the people's money. And no tax-payer on the continent can be bled for the benefit of the men who send telegrams, while these men would pay lower rates for telegrams sent.

CHEAPER RATES TO THE PUBLIC.

Last year the patrons of the Western Union sent 40,581,177 messages, for which they paid to it \$19,454,903. It reports its expenses as being \$11,794,553 and its profits as being \$7,660,350. In other words, it received for the average message 48 cents, handled it at an alleged expense of 29 cents, and made a profit of 19 cents, or a profit on its expense of 65 per cent. In 1882 and 1881 its receipt was 44 cents, its alleged expense was but 25 cents, and in 1880 but 23 cents, and its profit on its expense was over 75 per cent. With the cheaper rates that competition by a postal telegraph would assure, the telegraphing public would inevitably save many millions of dollars, even were the Western Union rates reduced one-half, or to a profit of 35 per cent.

Nor would such a cheapening of rates jeopardize the Government's profits, because the lower the rate the greater will be the volume of the whole business, of which Government would undoubtedly have its fair share. The reduction of letter postage, in which I am proud of having taken an earnest part, conclusively illustrates the fixed law of postal trade that the cheaper the rate the greater the business and profits. The very principle upon which I then advocated cheap postage is the one on which to-day I base the certainty of Government's profit

of the earnings, within less than ten years, more than duplicate all existing lines.

▼ PACIFIC RAILROAD LINES.

And in this connection I wish to call attention to the fact that every one of the land grants was made to aid in the construction of a railroad and telegraph line; that from Duluth, Omaha, Kansas City, and Marshall, Tex., to the Pacific Ocean Congress has already built telegraphs; that an expressed condition of each of these grants was the consideration that the grantee would not only transact Government business over its wires but would give it precedence over all other business.

As a sample of the contract I quote section 6 of the Pacific Railroad act, July 1, 1862, and call attention to the italicized portions, which may be read together:

That the grants aforesaid are made upon the condition that said company shall pay said bonds at maturity, and shall keep said railroad and telegraph line in repair and use, and shall at all times transmit dispatches over said telegraph line, and transport mails, troops, munitions of war, supplies, and public stores upon said railroad for the Government whenever required to do so by any department thereof, and that the Government shall at all times have the preference in the use of the same for all the purposes aforesaid, at fair and reasonable rates of compensation, &c.

Why duplicate lines which you have already built, anyhow at the outset? Why not hold these railway companies both to the letter and the spirit of the law, and compel them to perform telegraphic as well as transportation service at the rates therein designated? They have at least in some cases and in the very teeth of the law, with the recklessness of pirates, attempted to sell these very lines to the Western Union. They possess no such legal power, and the Government can and should compel each of those corporations to keep its line in the same legal status as its rails, and both alike ready for Government business. And, for one, I can see neither rhyme nor reason in the idea of building additional lines through desert, mountain, or sparsely settled regions simply for the purpose of allowing these cormorants to gobble lines which we have already built, and which we to-day hold as part security for \$106,000,000 which they do not intend to pay, and which, so far as my little power goes, I intend they shall pay or deliver up the whole property.

The telegraph act of 1866 contains a similar provision as to precedence of Government business and the fixing of compensation, in consideration of valuable privileges granted to the companies accepting its provisions. All existing telegraph companies have so accepted, and are bound by the contract. And until the postal wires have reached all points where these companies have offices, they should be required to receive, transmit, and deliver postal telegrams on the conditions and rates specified.

EFFECTS OF A POSTAL TELEGRAPH.

To conclude, Mr. Chairman, I affirm the following propositions and stand ready to prove them to the satisfaction of disinterested minds, if they be not already proven: That an issue of \$6,000,000, the interest and principal of which would as certainly be paid by the earnings of a postal telegraph as that the Republic endures, will build and furnish lines within one year connecting all important towns in the United States between the Atlantic and the eastern termini of the Pacific roads and between Canada and the Gulf; that by enforcing existing laws and contracts with existing telegraph companies as to the transmission of

Statement of business of Western Union Telegraph Company.

Year.	No. of offices.	No. of messages.	No. of messages per office.	Total receipts.	Receipts per office.	Approximate receipts per message.	Total expense.	Expense per office.	Approximate expense per message.	Profit.	Profit per office.	Approximate profit per message.
1867	2,505	5,879,282	2,352	85,598,925 36	32,560 98	11	\$3,944,005 03	\$1,537 62	68	\$2,624,919 78	\$1,023 36	\$0 44
1868	2,519	6,404,595	2,542	7,004,590 19	2,776 00	1 09	4,362,849 22	1,355 34	68	2,641,710 87	820 66	41
1869	2,607	7,934,933	2,999	7,316,918 30	2,802 53	1 22	4,568,116 85	1,296 45	57	2,748,801 45	702 08	35
1870	3,972	9,137,646	2,305	7,138,787 96	1,797 27	77	4,910,772 40	1,236 34	53	2,227,965 54	560 93	24
1871	4,606	10,646,077	2,311	7,637,448 85	1,658 15	71	5,104,787 19	1,108 29	47	2,532,661 65	549 86	24
1872	6,297	12,444,499	2,305	8,457,095 77	1,341 87	67	5,606,863 16	1,082 08	45	2,790,232 61	443 36	22
1873	6,740	14,456,832	2,158	9,333,018 51	1,385 96	64	6,578,035 83	1,145 48	45	2,757,962 69	406 91	15
1874	6,188	16,429,256	2,655	9,262,633 98	1,498 05	56	6,785,733 83	1,091 74	41	2,506,920 15	406 91	15
1875	6,505	17,133,710	2,612	9,664,574 60	1,486 90	52	6,335,414 77	965 03	36	3,329,157 83	491 87	19
1876	7,072	18,729,567	2,648	10,034,983 66	1,418 98	46	6,635,473 69	938 27	35	3,399,509 97	480 71	17
1877	7,500	21,138,941	2,821	9,812,352 61	1,308 31	41	6,672,224 94	889 63	31	3,140,127 67	418 68	15
1878	8,014	23,918,894	2,984	9,801,855 23	1,230 70	41	6,309,812 53	787 34	26	3,551,542 70	443 36	15
1879	8,524	25,070,108	2,914	10,960,640 46	1,284 35	43	6,160,200 37	721 84	24	4,800,440 09	562 51	19
1880	9,077	26,215,509	3,218	12,782,894 53	1,408 27	43	6,948,966 74	765 55	23	5,838,937 79	642 72	20
1881	10,737	32,500,000	3,027	14,393,543 85	1,340 64	44	8,485,264 13	790 28	25	6,908,279 72	550 86	19
1882	12,068	38,842,247	3,218	17,114,105 92	1,418 14	44	9,996,065 92	828 44	29	7,118,070 00	589 70	19
1883	12,917	40,581,177	3,118	19,454,903 00	1,478 8	47	11,794,553 00	908 44	29	7,660,350 00	589 70	18

1743

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o **Über die Grundlagen, die Entwicklung
und die zweckmäßige Gestaltung der
europäischen Fernsprechgebührentarife.**

Inaugural-Dissertation

zur

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Vorwort.

Die vorliegende Arbeit verdankt ihre Entstehung einer Anregung des Herrn Geheimen Regierungsrats Professor Dr. J. Conrad, der mir das Studium der skandinavischen Tarifverhältnisse und ihrer Einwirkung auf die erstaunliche Entwicklung des dortigen Fernsprechwesens als Aufgabe für ein Referat im staatswissenschaftlichen Seminar empfahl. Bei Beschäftigung mit der einschlägigen Literatur kam mir der Gedanke, auch die darin enthaltenen Veröffentlichungen über die Tarifverhältnisse der übrigen Staaten zu verwerten und die Arbeit auf das gesamte europäische Fernsprechwesen auszudehnen. Die Absicht, auch die Gebührentarife für den hochentwickelten Fernsprechverkehr der Vereinigten Staaten von Nordamerika zu berücksichtigen, mußte ich fallen lassen, da die europäische Literatur hierüber nur lückenhaften Aufschluß gibt, eine Beschäftigung mit den umfangreichen amerikanischen Fachzeitschriften aber mich weit über das Ziel hinausgeführt haben würde. Im übrigen sind die wirtschaftlichen Verhältnisse der Neuen Welt von denen Europas ja so grundverschieden, daß ein Vergleich ihrer Gebührentarife kaum möglich ist. Die glänzende Entwicklung des Fernsprechwesens in den Vereinigten Staaten ist — im Gegensatz zu allen in Europa mit dem Privatbetriebe gemachten Erfahrungen — vorwiegend der geschickten Werbetätigkeit der konkurrierenden Fernsprechgesellschaften zu verdanken; die dabei in den einzelnen Städten heute erreichte Zahl der Sprechstellen geht, wie mir von Kennern der dortigen Verhältnisse versichert wurde, oft beträchtlich über das tatsächlich anzuerkennende Verkehrsbedürfnis hinaus. Die amerikanischen Verhältnisse finden daher in den folgenden Ausführungen nur da Erwähnung, wo ihre Entwicklung von bestimmendem Einfluß auf die Gestaltung der europäischen Verwaltungs- und Tarifverhältnisse gewesen ist.

Der Verfasser.

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*) Vgl. Anmerkung S. 71.

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I. Einleitung.

§ 1.

Verkehrsentwicklung und Volkswirtschaft.

Auf die hohe Bedeutung der Verkehrsentwicklung für das Gedeihen der Volkswirtschaft hat schon der Vater der systematischen Nationalökonomie, Adam Smith, hingewiesen. Er bezeichnet im Kapitel XI, 1 des ersten Buches seines „Wealth of nations“ gute Wege, Kanäle und schiffbare Flüsse als den „größten aller Fortschritte“, weil sie die Frachtkosten ermäßigen und dadurch die entlegenen Teile eines Landes mit der Umgegend einer Stadt ziemlich auf denselben Fuß stellen.¹⁾ In diesen Worten hat Adam Smith zu einer Zeit, wo noch niemand an Eisenbahnen oder Dampfschiffahrt dachte, mit prophetischem Blick den Kernpunkt der Umwälzungen unseres Wirtschaftslebens erfaßt, die unter dem Einfluß der erstaunlichen Verkehrsentwicklung sich im 19. Jahrhundert vollzogen haben. Schärfer und nachdrücklicher als Adam Smith betonte etwa 60 Jahre später Friedrich List die Vorzüge eines gut entwickelten Verkehrswesens, dessen Segnungen er in der neuen Welt kennen gelernt hatte. „Kein Aufwand der gegenwärtigen Generation,“ so schreibt er im 24. Kapitel seines Nationalen Systems der politischen Ökonomie, „gereicht so entschieden und so vorzugsweise zum besonderen Vorteil der künftigen Generation als der für die Verbesserung der Transportmittel, zumal da in der Regel dergleichen Anlagen, außerdem daß sie die produktiven Kräfte der künftigen Generation außerordentlich und in fortwährend steigender Progression vermehren, im Lauf der Zeit

¹⁾ Adam Smith, Untersuchung über das Wesen und die Ursachen des Volkswohlstandes. Übersetzt von Stöpel. Berlin 1905, R. L. Prager, S. 206.

nicht nur sich hinreichend verzinsen, sondern auch noch Dividenden bringen.“¹⁾ Seit den Tagen Friedrich Lists, der die Verwirklichung seiner großzügigen Pläne für den Ausbau eines allgemeinen deutschen Eisenbahnsystems nicht mehr erleben sollte, hat die Entwicklung der Verkehrsmittel wiederum gewaltige Fortschritte gemacht. Aus dem Zeitalter des Dampfes sind wir übergegangen in das der Elektrizität; zur Massenförderung im Personen- und Güterverkehr hat sich, beide Transportzweige ergänzend und befruchtend, der Nachrichtenbeförderungsdienst mittels des Telegraphen und Fernsprechers gesellt. Während nun die tief einschneidenden Wirkungen des Eisenbahn- und Dampfschiffwesens in den grundlegenden Werken unserer namhaften Nationalökonomien eingehend gewürdigt werden, wird der volkswirtschaftlichen Bedeutung des modernen Nachrichtenbeförderungsdienstes in diesem Rahmen meist nur in wenigen Zeilen gedacht. Die Spezialliteratur über das Verkehrswesen, in der die Namen Knies, Sax und van der Borcht besondere Erwähnung verdienen, bietet eine erschöpfende Darstellung nur hinsichtlich der wirtschaftlichen Bedeutung der elektrischen Telegraphie. Das Fernsprechwesen, der jüngere Zweig des elektrischen Nachrichtenbeförderungsdienstes, hat bis in die neueste Zeit eine eingehendere Behandlung lediglich in den Fachzeitschriften und in den Spezialartikeln der bekannten Enzyklopädien gefunden.

§ 2.

Bedeutung des Fernsprechverkehrs im Rahmen der Volkswirtschaft.

Zur Erklärung dieser etwas stiefmütterlichen Behandlung aller mit dem Fernsprechwesen zusammenhängenden wirtschaftlichen Fragen in der volkswirtschaftlichen Literatur lassen sich zwei Gründe anführen. Einmal kann man — abgesehen von den reinen Tarifrager — alles über die modernen Verkehrsmittel im allgemeinen und über den elektrischen Telegraphen im besonderen vom staatswissenschaftlichen Gesichtspunkt aus Geschriebene mutatis mutandis auch auf den Fernsprecher anwenden,²⁾ dessen Einbürgerung ja nur ein Glied in

¹⁾ Friedrich List, Das nationale System der politischen Ökonomie, Neudruck, Bd. 3 der Sammlung sozialwissenschaftlicher Meister, herausgegeben von Prof. Dr. Heinrich Waentig, Jena 1904, G. Fischer, S. 404.

²⁾ Ad. Wagner, Finanzwissenschaft, Teil II, 2. Aufl., Leipzig 1899 C. F. Winter, S. 158.

der Kette der mächtigen Verkehrsentwicklung des letzten Jahrhunderts darstellt; zum anderen konnte sich — sofern dieser Maßstab überhaupt angewendet werden darf — hinsichtlich des in den Verkehrszweigen angelegten Kapitals während der ersten Jahrzehnte weder die Telegraphie noch das Fernsprechwesen mit den übrigen modernen Verkehrsmitteln messen. Nach Adolf Wagner¹⁾ betrug beispielsweise 1883 das ungefähre Verhältnis der für Eisenbahnen, Chausseen und Telegraphen in Deutschland dem Staate erwachsenen Kosten 500—600:10—30:1—3. Diese Zahlen haben sich seither unter dem Einfluß der für den Ausbau des deutschen Fernsprechnetzes aufgewendeten Summen merklich zugunsten der letzten Gruppe verschoben. Es war nämlich Ende 1897 in Deutschland für das Eisenbahnnetz ein Anlagekapital von 11,9,²⁾ für das Fernsprechnet eine solche von 0,168³⁾ Milliarden Mark aufgewendet;⁴⁾ das ergibt ein Verhältnis beider Anlagen von 71:1. 1903/04 belief sich das Anlagekapital für das deutsche Eisenbahnnetz auf 15,2 Milliarden,⁵⁾ für das deutsche Fernsprechnet auf 0,264 Milliarden,⁶⁾ d. i. ein Verhältnis von 58:1. Ende 1907 war das in den staatlichen Fernsprechanlagen des Deutschen Reichs investierte Kapital bereits auf mehr als 400 Millionen Mark⁷⁾ angewachsen.

Ähnlich haben sich die Verhältnisse im Ausland entwickelt.⁸⁾ Außerhalb Europas waren allein in den Vereinigten Staaten von Nordamerika 1902 bereits 1,823 Milliarden Mark⁹⁾ für Fernsprechzwecke verausgabt. Da hiernach das öffentliche Fernsprechnet der Erde heute ein Anlagekapital von mehreren Milliarden Mark dar-

¹⁾ A. d. Wagner, Finanzwissenschaft, Teil I, 3. Aufl., Leipzig 1883, C. F. Winter, Anm. S. 485.

²⁾ Handwörterbuch der Staatswissenschaften, Bd. III, 2. Aufl., Jena 1900, G. Fischer, S. 586: 11,854 Milliarden, allerdings nur für die Vollbahnen.

³⁾ Archiv, Berlin 1899, S. 525 und 1902, S. 598.

⁴⁾ Über den absoluten Kostenaufwand für Straßen- und Brückenbau fehlen vergleichbare neuere Daten; vgl. Handwörterbuch der Staatswissenschaften, Bd. VII, 2. Aufl., Jena 1901, G. Fischer, S. 422.

⁵⁾ J. Conrad, Grundriß, Volkswirtschaftspolitik, 5. Aufl., Jena 1908, G. Fischer, S. 473.

⁶⁾ Z. f. Sch., München 1907, S. 193 nach E. u. M., Wien 1907, S. 973.

⁷⁾ Archiv, Berlin 1908, S. 38.

⁸⁾ Soweit die amtliche Fernsprechstatistik über das Anlagekapital in den einzelnen europäischen Ländern Aufschluß gibt, sind die jeweiligen Angaben in die „Statistik über die Entwicklung des europäischen Fernsprechwesens in den Jahren 1885—1907“ (Anlage 1) übernommen worden.

⁹⁾ Z. f. Sch., München 1907, S. 193.

stellt, so verdienen seine ökonomischen Verhältnisse gewiß das Interesse des Volkswirts nicht minder als die Fragen des bereits ausgiebig behandelten Eisenbahnwesens.

Mit Recht betont v. d. Borcht,¹⁾ daß unser ganzes Volksleben namentlich auch in wirtschaftlicher Richtung heute zugeschnitten ist auf die allerschnellste Nachrichtenbeförderung und daß unter den hierfür vorhandenen Mitteln der Fernsprecher dem Bedürfnis nach schnellster Überwindung der räumlichen Entfernung am besten Rechnung trägt.²⁾

Bringt der Telegraph auf eine Anfrage nach Verlauf einiger Stunden eine knappe, oft unzureichende Antwort, so ermöglicht der Fernsprecher über Hunderte von Kilometern einen mündlichen Nachrichtenaustausch von Person zu Person; er gestattet dabei eine ebenso erschöpfende Aussprache, als wenn die beiden Partner sich von Angesicht zu Angesicht gegenüberstünden.³⁾ Darin liegt ein ungeheurer Fortschritt gegenüber den Leistungen des elektrischen Telegraphen, der zur Zeit der Einführung des Fernsprechers schon alle Kulturstaaten der Erde durch seine Leitungen dauernd untereinander verbunden und durch den raschen Austausch von Mitteilungen über ungeheure Entfernungen dem ganzen Geschäftsleben bereits eine andere Gestalt gegeben hatte. Wie die Technik des Telegraphen- und Fernsprechwesens trotz der grundsätzlichen Verschiedenheit beider Betriebsweisen doch zahlreiche Berührungspunkte bietet,⁴⁾ so sind auch die volkswirtschaftlichen Wirkungen beider Betriebszweige eng miteinander verknüpft. Wo immer Verkehrsverbindungen beider Art zwischen verschiedenen Orten vorhanden sind, treten Telegraph und Fernsprecher bald in lebhaften Wettbewerb, ohne daß es möglich wäre, den Kreis der beiderseitigen Benutzer nach irgendwelchen Gesichtspunkten näher zu bestimmen. Meist pflegt sich der Verkehr zu dem Nachteil der vorhandenen Telegraphenverbindungen mehr und mehr

¹⁾ R. v. d. Borcht, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 23 und 361.

²⁾ Die Bedeutung des lokalen Nachrichtenverkehrs für das wirtschaftliche Leben hat O. Fuhrmann in seiner nach Fertigstellung der vorliegenden Arbeit bei E. Ehering in Berlin erschienenen Dissertation unter besonderer Berücksichtigung des Telephonwesens im Reichspostgebiet eingehend behandelt. An dieser Stelle sei hauptsächlich auf die Ausführungen des ersten Teils (S. 1–56) verwiesen.

³⁾ E. T. Z., Berlin 1897, S. 74.

⁴⁾ H. Schwaighofer, Die Grundlagen der Preisbildung im elektrischen Nachrichtenverkehr, München 1902, J. Lindauer, S. 9/17.

n konkurrierenden Fernsprechverbindungen zuzuwenden; gleichzeitig rkt allerdings der Fernsprechverkehr belebend und befruchtend auf n Telegrammverkehr ein, da der Inhalt wichtiger Ferngespräche ist auf telegraphischem Wege bestätigt wird, auch der Fernsprecher s Anknüpfung neuer Geschäftsverbindungen ungemein erleichtert d damit zur allgemeinen Hebung des Verkehrs beiträgt.¹⁾ Unstrittene Domäne des elektrischen Telegraphen sind heute noch der öfte Teil des Schnellverkehrs im internationalen Nachrichtenförderungsdienst und der elektrische Nachrichtenaustausch über tfernungen von mehr als 1500 km, da wohl die Reichweite des ktrischen Telegraphen, nicht aber die des Fernsprechers mittels 3. Übertragungsvorrichtungen auf nahezu unbegrenzte Entfernungen sgedehnt werden kann.²⁾ Andererseits hat der Fernsprecher im ts- und Vorortsverkehr den Telegraphen fast gänzlich aus dem lde gedrängt, während gleichzeitig der noch vor wenigen Jahrzehnten r die Zwecke eiligen Nachrichtenaustausches erforderliche, zeitubende und unsichere Botendienst im Ortsverkehr seit der Einführung des Fernsprechers auf das Mindestmaß beschränkt worden ist.

Die durch Verwendung des Fernsprechers ermöglichte Zeitsparnis kann von den beteiligten Kreisen nicht hoch genug eingeschätzt werden. Wenngleich es heute niemandem mehr einfallen rd, dem Beispiel der ersten Veröffentlichungen nach Einführung des rnsprechers folgend, die Ersparnis an Zeit und Arbeitskräften im zeln zu berechnen,³⁾ so bleibt doch anzuerkennen, daß mittels s Fernsprechers erst die Abwicklung vieler Geschäfte möglich geworden ist, die sonst gar nicht oder nur unter bedeutendem Aufwand

Reisekosten und mit beträchtlichen Zeitopfern ausführbar gewesen iren. Dieser täglich tausendfach sich wiederholende Erfolg ist gleichdeutend mit einer Steigerung des Nationalvermögens. Auf die anderen Vorteile des modernen Fernsprechverkehrs für Handel und ervice, Banken und Börsen, vor allem für den Zeitungsdienst, brauche i hier nur kurz hinzuweisen. Alle diese Zweige des Wirtschaftsens wären ohne die Mitwirkung des Fernsprechers in ihrer heutigen

¹⁾ Archiv, Berlin 1902, S. 597.

²⁾ Konstruiert wurden derartige Übertragungsvorrichtungen (repeater) zwecks ergiezuführung an Unterwegsstationen auch für Fernsprechleitungen; sie haben der Praxis aber noch keine Verbreitung gefunden. Vgl. Kempster B. Miller: *American telephone practice*, New York, American Electrician Company, 3. Aufl., 118—123.

³⁾ V. Z., Berlin 1881, S. 206.

Intensität kaum denkbar. Hier bietet der Fernsprecher ein höchst wertvolles Mittel, über die Produktions-, Bedarfs- und Preisverhältnisse sowie über die Lage des Arbeitsmarktes sich rasch und genau zu unterrichten; er fördert dadurch den Ausgleich der örtlichen Preisverschiedenheiten und die Anpassung an die Schwankungen der Konjunktur; er macht das Halten großer Warenbestände überflüssig, da schnelle Umfrage und Bestellung etwa fehlender Gegenstände jederzeit durch Fernsprecher möglich ist; kurzum: er begünstigt und erleichtert, wie v. d. Borgh, dem Beispiel Friedrich Lists folgend, es ausdrückt, ¹⁾ in hervorragendem Maße die territoriale Arbeitsteilung zwischen den einzelnen Städten und Provinzen.

Die wirtschaftlichen Vorteile des Fernsprechverkehrs sind aber keineswegs auf den Nachrichtenaustausch zwischen den Verkehrsmittelpunkten beschränkt, sie kommen vielmehr im weitesten Umfange auch den Landbewohnern zugute. Hier schafft der Fernsprecher einerseits als Helfer in der Not die Möglichkeit, den Arzt in Krankheitsfällen, die Polizei bei Diebstählen sowie Hilfe in Feuers- und Wassergefahren schnell herbeizurufen; andererseits sichert er den landwirtschaftlichen Großbetrieben und ihren Nebengewerben durch Anschluß an das weitverzweigte Leitungsnetz der Fernverbindungen den unmittelbaren Nachrichtenaustausch mit den oft sehr entfernten Absatzpunkten und damit ein wertvolles Mittel, am Wettbewerb auf dem Weltmarkt erfolgreich teilzunehmen. So stellt sich der Anschluß des sogenannten flachen Landes an das allgemeine Fernsprechnet in seiner Bedeutung für die wirtschaftlichen und sozialen Verhältnisse der Landbewohner würdig dem Ausbau der Kleinbahnen sowie der Einrichtung und Verbesserung der postalischen Landbestelldienstes an die Seite.

Ein unentbehrlicher Arbeitsbehelf ist der Fernsprecher endlich in weiten Kreisen der Bevölkerung im Ortsverkehr geworden. Ein Blick in die Verzeichnisse der Teilnehmer an den öffentlichen Fernsprechnetzen zeigt, daß heute Angehörige fast aller Berufs- und Gesellschaftsklassen vom Fernsprecher Gebrauch machen. ²⁾ War die dadurch gebotene Gelegenheit, von den an das Fernsprechnet angeschlossenen Haushaltungen und Betrieben aus jederzeit unmittelbar mit Handwerkern, Gewerbetreibenden, Banken, Ärzten usw. in Verbindung zu treten, schon in kleineren Städten für die Beteiligten von großem

¹⁾ R. v. d. Borgh, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 35

²⁾ Vgl. hierzu die Zusammenstellung über die Berufsverteilung im Ortsfernprechnet Halle (Saale); Anlage 3.

wirtschaftlichen Wert, so mußte die Möglichkeit, auch größere Entfernungen innerhalb des Ortsbereichs spielend zu überwinden, in den modernen Großstädten eine völlige Umwälzung der Verkehrsverhältnisse herbeiführen. Besonders beachtenswert für den Volkswirt ist unter den Folgeerscheinungen der noch stetig fortschreitenden Ausbreitung des Fernsprechers die Förderung der Dezentralisation, die in den größeren Städten immer deutlicher hervortritt. Infolge der starken Bevölkerungszunahme in den Städten sind allenthalben die Ortsgrenzen hinausgeschoben worden. Überall haben sich Vororte gebildet, deren erstaunlich schnelle Entwicklung unverkennbar dem Einfluß der modernen Verkehrsmittel zu danken ist. Mögen unter diesen immerhin die Straßenbahnen den größten Einfluß ausgeübt haben, die großen wirtschaftlichen und sozialen Vorteile, die in der Möglichkeit liegen, im Vorort gesund zu wohnen und gleichwohl der gewinnbringenden Beschäftigung im Innern der Stadt nachzugehen, hätten gewiß in vielen Fällen nicht in dem erreichten Umfange erzielt werden können, wenn nicht der Fernsprecher auch hier wirksam Hilfe geleistet hätte.¹⁾ Die Verlegung von Fabriken aus der Stadt nach den Vororten, wie sie heute für die industriellen Großunternehmungen zur Regel geworden ist, würde unausführbar geblieben sein, wenn nicht der Fernsprecher die Möglichkeit geboten hätte, einen unmittelbaren, die Entfernung ausgleichenden mündlichen Verkehr zwischen den Werkstätten in den Vororten und den Geschäftsräumen zu pflegen, die notwendig im Innern der Stadt verbleiben mußten.²⁾ Damit hat gleichzeitig der Fernsprecher an seinem Teile dazu beigetragen, der ungesunden Steigerung der Grundrente für die im Stadttinnern liegenden Grundstücke entgegenzuwirken.³⁾

§ 3.

Wichtigkeit der Fernsprechgebühren-Tarifffrage.

Soll der Fernsprecher aber nicht nur den wohlhabenden Kreisen zugute kommen, sondern verkehrserleichternd die allgemeine Wohlfahrt fördern, so muß seine Ausbreitung in einer angemessenen Tarifpolitik eine wirksame Stütze finden. Eigenartigerweise ist die Frage

¹⁾ Archiv, Berlin 1895, S. 777.

²⁾ Archiv, Berlin 1895, a. a. O.

³⁾ Vgl. J. Conrad, Grundriß, Nationalökonomie, 6. Aufl., Jena 1907, G. Fischer, S. 295.

einer zweckmäßigen Gestaltung der Fernsprechgebührentarife bis heute weder im Inland noch im Ausland zur Zufriedenheit gelöst. Wie sich allenthalben bei einer Neuregelung des Tarifs zeigt, widerstreben hier die Interessen der Verwaltung, die auf eine auskömmliche Verzinsung ihres Anlagekapitals und auf eine angemessene Amortisierung ihrer wertvollen technischen Einrichtung bedacht sein muß, nur zu leicht den Interessen des Publikums, das die Forderung unbedingter Billigkeit in den Vordergrund zu stellen pflegt, mit der immer wiederkehrenden Begründung: Je billiger ein Verkehrsmittel, um so größer seine Verbreitung und seine Erträge. Nun hat schon Emil Sax¹⁾ darauf hingewiesen, daß die Behauptung, jede Herabsetzung der Gebühren müsse den Verkehr dermaßen steigern, daß der Ertrag nicht falle, sondern unter Umständen sogar steige, in dieser absoluten Allgemeinheit falsch sei.¹⁾ Dies trifft ganz besonders auf die Tarifrage im Fernsprechverkehr zu, die neben ihrem wirtschaftlichen Charakter aufs engste mit den Fragen der Fernsprechtechnik verknüpft ist. Mögen die folgenden Ausführungen zur Klärung der ökonomisch-technischen Verhältnisse des Fernsprechverkehrs beitragen, die zu dem Schaden eines gedeihlichen Zusammenwirkens zwischen der Verwaltung und dem Publikum weiten Kreisen heute noch wenig bekannt sind.

¹⁾ Emil Sax, Die Verkehrsmittel in Volks- und Staatswirtschaft, Bd. I, Wien 1878, A. Hölder, S. 58/61 und S. 255, Fußnote.

II. Die Grundlagen der Fernsprechgebührentarife.

A. Technische Grundlagen.

(Die §§ 4—6 sind nur in die unter gleichem Titel bei Gustav Fischer in Jena erscheinende Buchhandelsausgabe übernommen worden.)

B. Organisatorische Grundlagen.

§ 7.

Privatbetrieb.

Auch bei rastloser Verfolgung und Anwendung aller Fortschritte der Technik ist die volle Ausnutzung des in den Fernsprecheinrichtungen angelegten Kapitals als erste Grundlage angemessener Preisbildung nur erreichbar, wenn gleichzeitig Verwaltung und Betrieb zweckentsprechend organisiert werden. Einheitliche Organisation bleibt für eine fruchtbare Wirksamkeit der heutigen weitverzweigten Verkehrsnetze die erste Vorbedingung.¹⁾ Aus naheliegenden Gründen sind aber die Prinzipien für die Gebührenbemessung verschieden, je nachdem ob die Verkehrsanstalten als Privatunternehmungen betrieben oder als Staatsbetriebe verwaltet werden;²⁾ darum ist die Frage, in welcher der Form der Fernsprecher in den Organismus des Wirtschaftslebens einzugliedern sei, auch für die Tarifbildung von Bedeutung.

¹⁾ E. Sax, Die Verkehrsmittel in Volks- und Staatswirtschaft, Bd. I, Wien 1878, A. Hölder, S. 74/77.

²⁾ Handwörterbuch der Staatswissenschaften, 2. Aufl., Bd. VII, Jena 1901, G. Fischer, S. 68.

Während nun Sax¹⁾ schon 1878 schreiben konnte: „daß Post und Telegraph von Seite des Staates verwaltet werden, ist in Europa heutzutage eine dermaßen allgemeine Erscheinung und gewissermaßen selbstverständliche Sache, daß es möglicherweise in den Augen mancher eine offene Tür einrennen heißt, die Gründe hievon erst näher entwickeln zu wollen“, befinden sich heute noch in Europa ausgedehnte öffentliche Fernsprechnetze in den Händen von Privatgesellschaften. Parlament und Presse pflegen bei Erörterung neuer Tarifentwürfe regelmäßig die Aufmerksamkeit der Öffentlichkeit auf diese Privatunternehmungen zu richten, deren Verwaltungsmaximen angeblich dem Publikum günstigere Anschlußbedingungen sichern, als dies bei der üblichen fiskalischen Ausbeutung des Staatsmonopols der Fall sei. Selbst wo die öffentliche Meinung von solchen Übertreibungen in beiden Richtungen sich fernhält, begegnet man nicht selten dem Hinweis auf die bei wohlorganisiertem Privatbetrieb und mäßigen Gebührensätzen auffallend starke Verbreitung des Fernsprechers in den skandinavischen Ländern. Auch zur Klärung dieser Verhältnisse und zur Beseitigung des erwähnten Vorurteils scheint es mir geboten, bei Erörterung der Tarifgrundlagen auf die Vorzüge und Nachteile der verschiedenen Verwaltungs- und Betriebsformen kurz einzugehen.

Da zur Zeit der Erfindung des Fernsprechers der Telegraph, wie oben erwähnt, in Europa bereits durchgängig unter Staatsmonopol betrieben wurde, sollte man meinen, daß die europäischen Verwaltungen die Ausnutzung des neuen, gleichfalls der elektrischen Nachrichtenbeförderung dienenden Verkehrsmittels von vornherein dem Staate vorbehalten hätten. Das ist auffälligerweise aber nur in Deutschland geschehen, wo der umsichtige Generalpostmeister Heinrich von Stephan den Fernsprecher alsbald in den Dienst der staatlichen Verkehrsanstalten übernahm. Keine der ausländischen Verwaltungen folgte zunächst diesem Beispiel. „Es dürfte kaum fehlgegriffen sein“, heißt es in einer amtlichen Veröffentlichung²⁾ aus dieser Zeit, „wenn man die Ursache der Bedächtigkeit in dem Vorgehen der Telegraphenverwaltungen gegenüber der neuen Erfindung auf das Bestreben der leitenden Organe zurückführt, zunächst die Erfahrungen anderer Länder abzuwarten, bevor von der eigenen Ver-

¹⁾ E. Sax, Die Verkehrsmittel in Volks- und Staatswirtschaft, Bd. I, Wien 1878, A. Hölder, S. 225.

²⁾ Archiv, Berlin 1879, S. 637.

waltung Schritte zur endgültigen Aneignung des neuen Verkehrsmittels unternommen werden.“ Auch in Deutschland wurde der Fernsprecher anfänglich nur zur Telegrammbeförderung im Verkehr mit kleinen Anstalten benutzt. So blieb es ausländischen Privatgesellschaften überlassen, einen Fernsprechvermittlungsdienst im heutigen Sinne, d. h. zum unmittelbaren Nachrichtenaustausch von Person zu Person für den öffentlichen Verkehr innerhalb größerer Städte ins Leben zu rufen.¹⁾

Bei aller Anerkennung für die von den Privatgesellschaften geleistete Pionierarbeit zeigt die Literatur über die weitere Entwicklung dieser Privatunternehmungen ein wenig erfreuliches Bild.²⁾ Skrupellose Ausbeutung der Patentansprüche des Amerikaners Graham Bell, deren Rechtsgültigkeit nur wenige Staaten — dem Vorgang Deutschlands entsprechend — rechtzeitig als unbegründet ablehnten, verteuerte durch die von der Bell-Gesellschaft geforderten hohen Lizenzgebühren die Anlagekosten der meisten privaten Ortsnetze schon von vornherein beträchtlich. Da die Privatgesellschaften außerdem regelmäßig Konzessionsabgaben an den Staat zu entrichten hatten,³⁾ so überstiegen ihre Tarifsätze bald die im Interesse nutzbringender Ausbreitung des Fernsprechers erwünschten Grenzen. Gleichzeitig ließ die technische Ausführung der privaten Netze viel zu wünschen übrig, weil die Privatgesellschaften jederzeit damit rechneten, daß der Staat von seinem Rückkaufsrecht Gebrauch machen werde. Dennoch erwarteten die Anhänger des Privatbetriebs anfänglich einen Ausgleich dieser Mängel durch den Einfluß des freien Wettbewerbs. In der Tat entstanden in einer Anzahl größerer Städte Konkurrenzunternehmungen. Aber, weit davon entfernt den bestehenden Übelständen abzuhelpen, brachte jede an einem Orte neu auftauchende Unternehmung nur Verwirrung in das bereits bestehende Leitungsnetz und, wo immer eine neue Fernsprechgesellschaft ihren Teilnehmern Anschluß zu niedrigerem als dem bisher üblichen Preise bot, beschleunigte diese Differenzierung nur die allenthalben in Kürze sich vollziehende Verschmelzung der am Orte bestehenden Gesellschaften zu einer einzigen, die dann regelmäßig die ursprünglichen hohen Tarifsätze wiederherstellte. Bald zog diese Verschmelzung

¹⁾ Archiv, Berlin 1880, S. 232/4.

²⁾ Journal 1886, S. 117/201 und 141/45.

Archiv, Berlin 1887, S. 710/12.

³⁾ Vgl. hierzu die Angaben im Kopf der tabellarischen Übersicht zur Entwicklung der europäischen Fernsprechgebührentarife (§ 14).

verschiedener Gesellschaften weitere Kreise, so daß schließlich alle innerhalb der einzelnen Staatsgebiete vorhandenen Privatnetze in den Händen einiger weniger Gesellschaften oder einer einzigen Privatgesellschaft sich befanden.

Am deutlichsten trat dieser Prozeß in den Vereinigten Staaten von Amerika zutage, wo es der American Bell Telephone Company in Boston gelang, alle für Amerika erteilten Patente über die technischen Fortschritte im Fernsprechwesen aufzukaufen und damit das ausschließliche Recht auf Herstellung und Verwendung der Hör- und Sprechapparate sich zu sichern.¹⁾ Erst nach Ablauf des ursprünglichen Bell-Patents hat die Bell-Gesellschaft, die im Jahre 1887 durch Gründung der sogenannten Long Distance Company sich auch die alleinige Ausbeutung des riesigen Fernleitungsnetzes der Vereinigten Staaten gesichert hatte, Konkurrenz erhalten in den sogenannten „Unabhängigen Fernsprechgesellschaften“, die in langwierigen Prozessen ihre rechtliche Stellung mit Erfolg behauptet haben.²⁾ Der heute ausgesprochen trustfeindlichen Gesetzgebung der Vereinigten Staaten ist es zu danken, daß die Bell-Gesellschaft, die seit ihrer Vereinigung mit der Western Union Telegraph Company, der mächtigsten amerikanischen Überlandtelegraphengesellschaft, den Namen American Telegraph and Telephone Company führt, eine Fusion mit den Independant-Gesellschaften bisher nicht hat durchsetzen können.³⁾ Soweit hiernach in einzelnen amerikanischen Städten Fernsprechunternehmungen verschiedener Gesellschaften nebeneinander betrieben werden, fehlen regelmäßig die Verbindungen zwischen den Zentralen der konkurrierenden Unternehmungen; es sind daher nach neueren Feststellungen in solchen Orten bis zu 41 % aller Fernsprechteilnehmer genötigt, gleichzeitig Anschluß bei verschiedenen Gesellschaften zu nehmen, also doppelte oder mehrfache Gebühren zu entrichten.⁴⁾

¹⁾ E. T. Z., Berlin 1890, S. 106/8.

²⁾ E. T. Z., Berlin 1895, S. 32, 606, 732 und 791.

„ „ 1897, S. 291 und 324.

„ „ 1901, S. 345/46.

„ „ 1903, S. 205/6.

³⁾ E. T. Z., Berlin 1907, S. 422.

„ „ 1909, S. 383.

⁴⁾ V. Z., Berlin 1904, S. 429.

Ähnlich liegen die Verhältnisse in Stockholm, wo gleichfalls keine Verbindungsleitungen zwischen der staatlichen und der privaten Fernsprechzentrale hergestellt werden dürfen (Journal 1905, S. 102/3).

In Europa hat die Tätigkeit der staatlich konzessionierten Privatgesellschaften mangels jeglicher Konkurrenz meist zur Einführung unverhältnismäßig hoher Monopolpreise geführt. Dies zeigt besonders deutlich die Entwicklung der Fernsprecheinrichtungen in England,¹⁾ wo selbst die gleichzeitige Einrichtung staatlicher und privater Vermittlungsämter an denselben Orten den Monopolpreisen der National Telephone Company nicht die Spitze zu bieten vermochte. Die Klagen über schlechten Dienst und mangelhaftes Entgegenkommen der Gesellschaft sind in England erst verstummt, seitdem der Staat im Hinblick auf die für Ende 1911 bevorstehende Übernahme des gesamten Fernsprechbetriebs²⁾ sich energischer des Ausbaues der Ortsnetze angenommen hat. Ähnliche Unzuträglichkeiten haben anderwärts schon früher zur Verstaatlichung des gesamten öffentlichen Fernsprechdienstes geführt, die in der Schweiz³⁾ am 1. Januar 1886, in Frankreich⁴⁾ am 1. September 1889, in Belgien⁵⁾ am 1. Januar 1893, in Österreich⁶⁾ am 1. Januar 1895 und in Ungarn⁷⁾ am 1. März 1897 ihren Abschluß fand.

Da zur Abfindung der langjährig konzessionierten Privatgesellschaften regelmäßig beträchtliche Summen aufgebracht werden müssen, hat die Verstaatlichung des Fernsprechdienstes in Italien ungeachtet aller darauf hinzielenden Gesetze und Gesetzentwürfe⁸⁾ bis heute nicht vollständig durchgeführt werden können. Rußland hat sich damit begnügt, seit dem Jahre 1886 neue Konzessionen auf Herstellung von Stadtfernsprechanlagen nicht mehr zu erteilen⁹⁾ und den Fernverkehr ausschließlich dem Staate vorzubehalten.¹⁰⁾ Die Ausbeutung der gerade an den größten und rentabelsten Orten vorhandenen privaten

¹⁾ V. Z., Berlin 1908, S. 154/55.

²⁾ V. Z., Berlin 1909, S. 63.

³⁾ V. Z., Berlin 1895, S. 485.

⁴⁾ V. Z., Berlin 1894, S. 271.

⁵⁾ V. Z., Berlin 1892, S. 93.

⁶⁾ Archiv, Berlin 1895, S. 89.

⁷⁾ E. T. Z., Berlin 1897, S. 149.

⁸⁾ Archiv, Berlin 1890, S. 317.

„ „ 1893, S. 10.

„ „ 1903, S. 346.

„ „ 1904, S. 312.

„ „ 1907, S. 497.

„ „ 1908, S. 92.

⁹⁾ V. Z., Berlin 1898, S. 302.

¹⁰⁾ Erst in neuester Zeit ist man zwecks Gewinnung großer Fernverbindungen von diesem Grundsatz abgewichen; vgl. Journal 1908, S. 96.

Vermittelungseinrichtungen wird bei Ablauf der Konzessionen zum öffentlichen Wettbewerb ausgeschrieben, an dem sich — wie der wohlorganisierte Stadtbetrieb in St. Petersburg zeigt — auch die Kommunalverwaltungen beteiligen.¹⁾ In Spanien endlich hat sich der Staat zwar durch Gesetz vom 9. Juni 1903²⁾ die Herstellung und den Betrieb der öffentlichen Fernsprecheinrichtungen vorbehalten; bis heute liegt jedoch die Ausübung des Vermittlungsdienstes in den Händen konzessionierter Privatgesellschaften, da die Regierung beim anfänglichen Versuche selbständigen Betriebs — November 1883 bis September 1886 — nicht auf ihre Kosten gekommen ist.³⁾

Von den kleineren Staaten Europas haben Bulgarien, Griechenland, Luxemburg, Rumänien und Serbien bald nach der Einführung des neuen Verkehrsmittels die Ausbeutung des öffentlichen Fernsprechdienstes dem Staate vorbehalten.

Ungeachtet der somit allenthalben obsiegenden Erkenntnis, daß das Staatsmonopol im Fernsprechbetrieb zweifellos dem beim Privatbetrieb unvermeidlichen Monopol einzelner Gesellschaften vorzuziehen ist, haben die grundsätzlichen Gegner des Staatsbetriebs es nicht an Versuchen fehlen lassen, den Privatbetrieb in gesündere Bahnen zu lenken. Hierher gehören: die in den skandinavischen Ländern entstandene und teilweise noch heute dort übliche genossenschaftliche Organisation des Fernsprechwesens und die Zuweisung des städtischen Fernsprechvermittlungsdienstes an die Stadtverwaltungen.

§ 8.

Genossenschaftlicher Betrieb.

Beim genossenschaftlichen oder kooperativen System⁴⁾ dem die ausgedehnte Verbreitung des Fernsprechers in Finnland⁵⁾ Norwegen,⁶⁾ Schweden⁷⁾ und Teilen von Dänemark⁸⁾ zu

¹⁾ V. Z., Berlin 1900, S. 559/60.

²⁾ Les tarifs téléphoniques, Bern 1905, S. 135.

³⁾ E. T. Z., Berlin 1891, S. 665.

⁴⁾ H. Schwaighofer, Die Grundlagen der Preisbildung im elektrischen Nachrichtenverkehr, München 1902. J. Lindauer, S. 66/72.

⁵⁾ E. T. Z., Berlin 1896, S. 350/51 und 1898, S. 716/17.

⁶⁾ E. T. Z., Berlin 1895, S. 150 und 1898, S. 194.

⁷⁾ E. T. Z., Berlin 1895, S. 136 und 1896, S. 256/57.

⁸⁾ E. T. Z., Berlin 1898, S. 440 und 1898, S. 194.

danken ist, werden nach den Grundsätzen des Genossenschaftswesens örtliche Vereinigungen mit dem ausgesprochenen Zweck gegründet, den Mitgliedern zu möglichst billigen Preisen und ohne irgendwelches Aktienkapital die Vorteile des telephonischen Verkehrs zu verschaffen.¹⁾ Damit wird einem Hauptschaden des privaten Betriebs, der ungesunden Spekulation,²⁾ von vornherein vorgebeugt. Jeder Teilnehmer beschafft und unterhält die Apparate seiner Sprechstelle, seine Anschlußleitung und, soweit erforderlich, auch die Fernsprechlinie für eigene Rechnung, wobei ihm g. F. seine Vereinsgenossen durch Materiallieferung zum Selbstkostenpreise, durch Naturalleistungen, freie Hergabe von Grund und Boden u. a. m. behilflich sind.³⁾ Mäßige laufende Beiträge der Teilnehmer decken die Kosten des laufenden Betriebs und der Zentralanlage; Umlagen unter Berücksichtigung der individuellen Leistungsfähigkeit des einzelnen schaffen die Mittel, wenn einmal elementare Ereignisse größeren Schaden angerichtet haben; die Verwaltung in reinen Vereinsangelegenheiten aber wird gewöhnlich ehrenamtlich von unbesoldeten Vorstandsbeamten wahrgenommen. Es ist nicht zu verwundern, daß bei so stark ausgeprägtem Gemeinsinn der Fernsprecher in den skandinavischen Ländern innerhalb eines verhältnismäßig kurzen Zeitraums eine ungewöhnlich ausgedehnte Verbreitung gefunden hat.⁴⁾ Nachdem die Hauptstädte und die größeren Provinzialstädte Fernsprecheinrichtungen erhalten hatten, glaubten die kleineren Städte und schließlich selbst die kleinsten und entlegensten Landorte ihre Verkehrsinteressen gefährdet, wenn sie nicht ebenfalls in den Besitz solcher Einrichtungen gelangten. So entstand in schneller Folge ein Fernsprechnetzz nach dem anderen, ohne daß in vielen Fällen die Bedürfnisfrage ernstlich geprüft worden wäre. Die Ergebnisse dieser schnellen Entwicklung vermochten die beteiligten Kreise zu befriedigen, solange sich der Fernsprechdienst auf die Vermittelung des Ortsverkehrs beschränkte, dagegen traten die Mängel des Systems bald zutage, als es galt, die entstandenen Fernsprecheinrichtungen auch für den Fernsprechverkehr zwischen den verschiedenen Netzen nutzbar zu machen. Im Ortsverkehr hatte man sich daran gewöhnt, aus Rücksichten möglicher Kostenersparnis die Fernsprechlinien und -leitungen ebenso wie die Vermittlungsanstalten

¹⁾ E. T. Z., Berlin 1896, S. 256/57.

²⁾ A. d. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 26.

³⁾ Archiv, Berlin 1891, S. 543.

⁴⁾ Archiv, Berlin 1891, S. 467/74; 503/13 und 538/46.

und Sprechstellen ihrer überwiegenden Mehrzahl nach durch technisch ungeschulte Kräfte herstellen zu lassen. Dabei wurden in den Landlinien rohe Holzstangen anstatt zubereiteter Stangen verwendet und an Stelle eiserner Querträger für die Leitungen solche aus Holzgestänge angebracht; statt des Bronzedrahts beschafften die Teilnehmer den billigeren Eisen- oder Stahldraht, statt neuzeitlicher Apparate und Umschalteneinrichtungen aber veraltete und unvollkommene Systeme.¹⁾ Da es ferner allenthalben an geschultem Personal zur sachgemäßen Instandhaltung der Anlagen fehlte, so erwiesen sich besonders die Fernsprecheinrichtungen der kleineren Orte, die schon im Nahverkehr keinerlei Gewähr für dauernde Betriebssicherheit boten, bei Einführung des Fernverkehrs als gänzlich unzureichend wegen ihrer Unvollkommenheit und der großen Verschiedenartigkeit ihrer technischen Ausführung. Bei der Kostspieligkeit der Fern-Verbindungsleitungen erwuchsen für deren Herstellung weitere Schwierigkeiten daraus, daß eine Einigung der zahlreichen kleinen, an ihrem Bau interessierten Verbände in der Regel nicht zu erzielen war. Nur in Finnland begann eine besondere, nach dem Anteilprinzip gegründete Fernsprechvereinigung mit der Herstellung von Fernleitungen zwischen verschiedenen Städten,²⁾ nachdem ein gemeinsames Vorgehen der verschiedenen Ortsverbände in diesem Sinne sich als undurchführbar erwiesen hatte. Schließlich stellte aber dort, wie anderwärts, jede Vereinigung ihre eigenen Fernlinien her, so daß die Landstraßen zwischen den telephonisch verbundenen Orten bald zu beiden Seiten mit mehreren Reihen von Telegraphengestängen besetzt wurden. Wechselseitige Störungen der Leitungen waren bei der mangelhaften Instandhaltung auch dieser Linien die unausbleibliche Folge. Da man einsah, daß nur eine einheitliche Organisation des Fernverkehrs die Übelständen abhelfen könnte, so gründete man nach dem Vorbild der größeren Städte zu diesem Zwecke schließlich Aktiengesellschaften. In allen größeren Städten Skandinaviens lag nämlich der Ortsvermittlungsdienst schon früh in den Händen von Fernsprech-Aktiengesellschaften, die unter Verwendung einwandfreien Materials für Sprechstellen, Linien und Leitungen ihren Betrieb zur Zufriedenheit der Teilnehmer abwickelten, solange nicht die Bildung von Konkurrenzunternehmen an ein und demselben Orte unwirtschaftlichen Zwiespalt in die Gebührentarife³⁾ und Unzuträglichkeiten im wechs-

¹⁾ Archiv, Berlin 1891, S. 470.

²⁾ E. T. Z., Berlin 1896, S. 350.

³⁾ Vgl. S. 36.

tigen Geschäftsverkehr zeitigte. Als endlich durch den Betrieb der privaten Fernverbindungsanlagen sich größere Ausfälle in den staatlichen Telegrapheneinnahmen ergaben, traten in den skandinavischen Ländern die Staatstelegraphenverwaltungen der Frage des Fernsprechts näher, dessen Entwicklung sie jahrelang abwartend gegenüberstanden hatten. Heute sehen wir den Fernsprecher in Finnland vollständig in den Händen des Staates. In Schweden steht nur noch die Verstaatlichung zweier Privatnetze in Stockholm und Umeå aus, darunter die Übernahme der 1883 gegründeten und seit 1901 allerdings musterhaft geleiteten „Allgemeinen Fernsprechkaktien-Gesellschaft“ (Stockholms Allmänna Telefon Aktiebolag), die auch außerhalb Stockholms in Moskau und Warschau große Fernsprechnetze besitzt. Ein auf Verstaatlichung der letzten Privatunternehmungen hinzielender Gesetzentwurf lag dem schwedischen Reichstage bereits vor.¹⁾ Im Gegensatz zu anderen staatlichen Fernsprechverwaltungen hat die schwedische Staatstelegraphenverwaltung ihre Tätigkeit sogar auf die Herstellung der für die Vermittlungsanstalten und die Teilnehmerstellen erforderlichen Apparate und Umschaltvorrichtungen ausgedehnt, obgleich die schwedische Privatindustrie unter Führung der Firma Ericson auf dem Gebiet dieser Apparatchnik Weltruf genießt. In Norwegen entfällt heute der Orts- und Fernbetrieb je zur Hälfte auf die Staatsverwaltung und auf den Geschäftsbereich einzelner Privatfernsprechgesellschaften.²⁾ Nur in Dänemark beherrschen 12 Privatgesellschaften noch den gesamten Fernvermittlungsdienst einschließlich des Fernverkehrs innerhalb ihres eigenen Verwaltungsgebiets, das sich — den natürlichen Grenzen der Landesteile entsprechend — bei den drei jütischen Gesellschaften auf Nord- bzw. Südjütland sowie das Weichbild der Stadt Veile, bei den übrigen Gesellschaften über ein bis zwei der dänischen Inseln erstreckt.³⁾ Der Staat hat sich hier — abgesehen vom Betriebe der vorwiegend dem Fernverkehr dienenden Teilnehmeranschlüsse — lediglich an Fernverkehr zwischen den verschiedenen Verwaltungsgebieten sowie an Wahrnehmung des Verkehrs mit dem Ausland vorbehalten.⁴⁾

Hiernach hat sich in den skandinavischen Ländern allenthalben

¹⁾ E. T. Z., Berlin 1906, S. 433.

²⁾ Les tarifs téléphoniques, Bern 1905, S. 236/44.

³⁾ Bezüglich näherer Angaben vgl. die tabellarische Übersicht zur Entwicklung der europäischen Fernsprechgöhrentarife (§ 14).

⁴⁾ Les tarifs téléphoniques, Bern 1905, S. 126/34 und M. Gredsted, Telegrafvaesenets Organisation, Kopenhagen 1906, J. Jørgensen & Co., S. 49/54.

die Vereinigung der einstigen lokalen Fernsprechverbände zu größeren Aktiengesellschaften vollzogen, soweit die Netze nicht bereits in die Hände des Staats übergegangen sind. Die Bedeutung des kooperativen Systems der Fernsprechverbände gehört also der Vergangenheit an; ihre einstige Wirksamkeit äußert sich heute nur noch in der bereits erwähnten ungewöhnlich starken Ausbreitung des Fernsprechers in Dänemark, Schweden und Norwegen,¹⁾ die — unterstützt durch eine vorzügliche Apparatchnik — besonders in Schweden jedem Fremden vorteilhaft auffällt.

§ 9.

Kommunalbetrieb.

Gewissermaßen ein Mittelglied zwischen dem rein privaten und dem Staatsbetrieb bildet die Ausübung des öffentlichen Fernsprechvermittlungsdienstes durch die Stadtverwaltungen. Aus naheliegenden Gründen kann es sich hierbei allerdings nur um die Kommunalisierung des Ortsvermittlungsdienstes handeln. Anläufe in dieser Richtung machten sich in England,²⁾ Italien,³⁾ Norwegen⁴⁾ und Rußland⁵⁾ bemerkbar, ohne jedoch dem System in diesen Ländern weitere Verbreitung zu verschaffen. Die eigentliche Heimat dieser Organisationsform sind die Niederlande.⁶⁾ Wohl hat der Staat auch dort das Monopol über den gesamten öffentlichen Fernsprechdienst sich vorbehalten; aber lediglich die Wahrnehmung des Fernsprechvermittlungsdienstes zwischen den verschiedenen Ortsnetzen und mit dem Ausland ist in die Hände des Staates übergegangen, der am 1. Oktober 1897 das Leitungsnetz und den interurbanen Betrieb der Bell-Telephongesellschaft käuflich erwarb.⁷⁾ Der Ortsfernsprechdienst blieb nach wie vor bis auf kleine, vorwiegend dem Fernverkehr dienende Gruppen von Teilnehmeranschlüssen Privaten überlassen, die hierfür neben der staatlichen Konzession die Zustimmung der betreffenden Gemeinden einzuholen haben. Während nun der

¹⁾ Vgl. hierzu die Ergebnisse der Fernsprechstatistik (Anlage 1).

²⁾ E. T. Z., Berlin 1893, S. 530 und 1902, S. 1066.

³⁾ E. T. Z., Berlin 1903, S. 606/7.

⁴⁾ Archiv, Berlin 1891, S. 506.

⁵⁾ V. Z., Berlin 1901, S. 176 und 588.

⁶⁾ E. T. Z., Berlin 1895, S. 699/700 und 791.

„ „ „ 1900, S. 761.

⁷⁾ Archiv, Berlin 1899, S. 899.

Staat die Konzession beim Ablauf unbedenklich erneuert, sind seit der Mitte der 90 er Jahre die holländischen Gemeinden mehr und mehr dem Beispiel der drei großen Städte Amsterdam, Arnheim und Rotterdam gefolgt, indem sie ihrerseits die den Privatgesellschaften erteilte Konzession beim Ablauf nicht verlängerten, sondern den Ortsfernsprechdienst selbst in die Hand nahmen. Heute stehen 37 Privatnetzen bereits 25 Ortsnetze in städtischer Verwaltung gegenüber. Wenngleich nach den mir von maßgebender Seite gemachten Mitteilungen Tarif und Betrieb bei dieser Art der Verwaltung in Holland zur Zufriedenheit des Publikums sich gestalten, kann der Übergang des Ortsfernsprechdienstes auf die Stadtverwaltungen doch nicht als empfehlenswert bezeichnet werden.¹⁾ Der Fernsprechverkehr erstreckt sich heute weit über die Grenzen der einzelnen Gemeinden hinweg und reicht damit auch über die Kompetenz der Gemeindebehörden hinaus. Während nun Privatgesellschaften und genossenschaftliche Verbände von Fernsprechinteressenten ihre Wirksamkeit immerhin auf eine größere Zahl von Gemeinden erstrecken können, bleibt die Tätigkeit der Gemeindeverwaltungen auf das Weichbild des Ortes und g. F. seiner Vororte beschränkt. Demgemäß beschränken sich aber auch die der Stadtverwaltung aus dem Fernsprechdienst zufließenden Einnahmen auf die Erträge des Ortsverkehrs, während die Ausbeutung des gewinnbringenden Fernverkehrs dem Staate vorbehalten bleibt. Gleichwohl müssen die Gemeinden bei Einrichtung der Sprechstellen auf die Bedürfnisse des Fernverkehrs Rücksicht nehmen, indem sie den Teilnehmern vollkommene Leitungen und leistungsfähigere Apparate zur Verfügung stellen, als es für den Ortsverkehr vielleicht notwendig wäre. So bleibt für die Gemeinden, die sich den im allgemeinen Verkehrsinteresse liegenden Verpflichtungen nicht entziehen wollen, nur die Möglichkeit, die Deckung ihrer Mehraufwendungen durch angemessene Erhöhung der Ortsfernsprechgebühren herbeizuführen oder hierfür andere städtische Einnahmequellen mit heranzuziehen, d. h. durch Erhöhung der Kommunalsteuern für die Aufbringung der erforderlichen Mittel zu sorgen. Neben diesen rein wirtschaftlichen Gründen sprechen wie beim genossenschaftlichen System schwerwiegende technische Bedenken gegen die Verteilung des Fernsprechbetriebs auf zahlreiche Einzelunternehmungen und Gemeinden. Da den verschiedenen Gesellschaften und Stadtverwaltungen in der Wahl der Apparate und Umschaltvorrichtungen freie Hand

¹⁾ E. T. Z., Berlin 1897, S. 715/16.

bleibt, so gelangen nebeneinander die verschiedenartigsten Systeme zur Einführung — zweifellos zum Schaden der Einheitlichkeit und Zuverlässigkeit des Betriebs, die ohnehin durch die getrennte Verwaltung des Orts- und Fernverkehrs beträchtlich erschwert werden. Abgesehen hiervon ist auch die unbedingt erforderliche tadellose Instandhaltung der Anlagen um so schwerer durchführbar, je kleiner die selbständigen Fernsprechnetze sind, da kleine Ortsnetze nicht Arbeit genug haben, um tüchtige, geschulte Fachleute für den Bau und die Unterhaltung der Leitungen und Sprechstellen dauernd zu beschäftigen. Bei der grundsätzlichen Verschiedenartigkeit der in Schwach- und Starkstromanlagen vorkommenden Arbeiten liegen die Verhältnisse in dieser Hinsicht auch für diejenigen Gemeinden nicht günstiger, die städtische Elektrizitätswerke mit dem erforderlichen Stabe von Technikern und geschultern Arbeitern besitzen. Ohne unwirtschaftliche Mehraufwendungen für Anlage und Betrieb läßt sich ein den heutigen Anforderungen entsprechender Ortsfernspredienst vom Fernleitungsbetrieb praktisch nicht trennen; daher ist zu erwarten, daß der lokale Gemeindebetrieb ebenso wie der reine Privatbetrieb und die Reste des Fernsprechbetriebs durch genossenschaftliche Verbände schließlich vom Staate aufgesogen werden wird.¹⁾

§ 10.

Staatsbetrieb.

Über die Zulässigkeit und Zweckmäßigkeit staatlicher Wahrnehmung des Verkehrswesens im allgemeinen sowie des Telegraphen- und Fernsprechbetriebs im besonderen haben namhafte Forscher und Gelehrte sich so eingehend ausgesprochen, daß ich mich hier mit einer Zusammenstellung der wesentlichen Gründe begnügen kann, die für und wider den staatlichen Fernsprechbetrieb angeführt werden.

Wie aus den vorstehenden Beispielen erhellt und in der Literatur verschiedentlich zum Ausdruck kommt,²⁾ fällt beim freien Wettbewerb

¹⁾ L. Elster, Wörterbuch der Volkswirtschaft, 2. Aufl., Bd. I, Jena 1906, G. Fischer, S. 818.

²⁾ R. v. d. Borcht, Das Verkehrswesen, Leipzig 1894, L. Hirschfeld, S. 81.

Ad. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 69.

G. Schöttle, Der Telegraph in administrativer und finanzieller Hinsicht, Stuttgart 1883, W. Kohlhammer, S. 23 und 25.

Handwörterbuch der Staatswissenschaften, 2. Aufl., Bd. VII, Jena 1901, G. Fischer, S. 67/68.

L. Elster, Wörterbuch der Volkswirtschaft, Bd. I, Jena 1906, S. 817.

auf dem Gebiete des Verkehrswesens die von den Gegnern des Staatsbetriebs gern betonte ausgleichende Wirkung der Konkurrenz regelmäßig aus. Die Erfahrung lehrt vielmehr, daß die gleichzeitige Errichtung mehrerer in den Händen verschiedener Unternehmer befindlichen Fernsprecheinrichtungen in ein und demselben Ort oder Bezirk durch unnötige Wiederholung gleichartiger Ausgaben unwirtschaftlich wirkt, und daß Anlage, Verwaltung und Betrieb sich wesentlich billiger gestalten, wo eine Konkurrenz nicht stattfindet. Darum bleibt auf dem Gebiete des Fernsprechwesens von vornherein nicht die Wahl zwischen gewerblicher Freiheit und Staatsmonopol, sondern lediglich zwischen dem letzteren und dem Privatmonopol. Bei der Notwendigkeit einheitlicher Organisation und Verwaltung des gesamten Fernsprechdienstes,¹⁾ dessen weitverzweigtes Leitungsnetz nur in diesem Falle seine volle Wirksamkeit für die Gesamtheit zu entfalten vermag, hat die Ausübung des Monopols sich zweckmäßig sowohl auf den Ortsverkehr wie auf den Fernverkehr zu erstrecken. Da nun, wie oben dargelegt, in Europa das Telegraphenmonopol durchgehend in den Händen der Staatsgewalt liegt, so muß das gleichzeitige Bestehen eines Privatmonopols für den gesamten Fernsprechverkehr innerhalb der einzelnen Staaten eine Schmälerung der staatlichen Einnahmen aus dem Telegraphenbetrieb und eine Gefährdung des staatlichen Monopols zur Folge haben, dessen Aufrechterhaltung bei der Eigenart des Fernsprechbetriebs alsdann kaum noch kontrolliert werden kann.²⁾ Die vielseitigen Wechselbeziehungen zwischen dem Telegraphen- und Fernsprechbetrieb erheischen gebieterisch eine Vereinigung der beiden beim Fernverkehr in Wettbewerb miteinander tretenden Nachrichtenbeförderungsmittel in einer Hand.³⁾ Meist können

¹⁾ R. v. d. Borcht, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 98.

E. Sax, Die Verkehrsmittel in Volks- und Staatswirtschaft, Bd. I, Wien 1878, A. Hölder, S. 227/29.

G. Schöttle, Der Telegraph in administrativer und finanzieller Hinsicht, Stuttgart 1883, W. Kohlhammer, S. 22.

Handwörterbuch der Staatswissenschaften, 2. Aufl., Bd. VII, Jena 1901, G. Fischer, S. 67/68.

²⁾ Fr. Meili, Das Telephonrecht, Leipzig 1885, Duncker u. Humblot, S. 75 u. 77.

³⁾ R. v. d. Borcht, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 90.

L. Elster, Wörterbuch der Volkswirtschaft, Bd. I, Jena 1906, G. Fischer, S. 817.

Fr. Meili, Das Telephonrecht, Leipzig 1885, Duncker u. Humblot, S. 72 u. 75.

E. Sax, Die Verkehrsmittel in Volks- und Staatswirtschaft, Bd. I, Wien 1878, A. Hölder, S. 227.

G. Schöttle, Der Telegraph in administrativer und finanzieller Hinsicht, Stuttgart 1883, W. Kohlhammer, S. 23.

alsdann die für den einen Betriebszweig ohnehin erforderlichen Einrichtungen und Kräfte für den anderen Verkehrszweig mitbenutzt werden. Weitere Verbindung des Telegraphen- und Fernsprechdienstes mit den weitverbreiteten und allgemein zugänglichen Postanstalten,¹⁾ sichert die Möglichkeit, auch kleinere Orte ohne beträchtliche Opfer an das allgemeine Fernsprechnetz anzuschließen und gleichzeitig das vorhandene Personal angemessen auszunutzen. Die aus dieser Vereinigung sich ergebende Ersparnis ist gerade an den Orten mit geringem Verkehr am größten,²⁾ wenngleich sich die Rentabilität der einzelnen Dienstzweige im Falle der Wahrnehmung des Post-, Telegraphen- und Fernsprechdienstes durch vereinigte Verkehrsanstalten leider hinsichtlich der Ausgabeposten nicht mit der wünschenswerten Genauigkeit verfolgen läßt.³⁾ Unbestritten dient aber die Vereinigung der drei Verkehrsanstalten in der Hand des Staates zur Verbilligung der einzelnen Leistung; sie gestattet anderseits innerhalb gewisser Grenzen, auch die Überschüsse des Post- und Fernsprechdienstes zu der wünschenswerten Tilgung des in den meisten Staaten noch heute unvermeidlichen chronischen Defizits der staatlichen Telegraphenverwaltung heranzuziehen.⁴⁾ Dabei wird gleichwohl den Interessen der Gesamtheit besser gedient als dies beim Privatbetrieb je zu erwarten oder zu erreichen ist.⁵⁾ Jede nach gesunden kaufmännischen Prinzipien geleitete Privatunternehmung muß ihre Aufgabe in der möglichsten Steigerung des Reingewinns erblicken. Von allen Aktiengesellschaften ist daher, wie v. d. Borgh t, a. a. O., ausdrücklich betont.

¹⁾ Ad. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 28.

²⁾ Fr. Roscher-Stieda, Nationalökonomik des Handels und Gewerbfleißes, 7. Aufl., Stuttgart 1899, Cotta Nachf., S. 526.

³⁾ Ad. Wagner, Finanzwissenschaft, Teil II, 2. Aufl., Leipzig 1890, C. F. Winter, S. 158.

⁴⁾ Ad. Wagner, Finanzwissenschaft, Teil II, 2. Aufl., Leipzig 1890, C. F. Winter, S. 158.

G. Cohn, System der Finanzwissenschaft, Stuttgart 1889, F. Enke, S. 610.

⁵⁾ R. v. d. Borgh t, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld S. 89 und 99.

J. Conrad, Grundriß, Finanzwissenschaft, 4. Aufl., Jena 1906, G. Fischer, S. 6.

E. Sax, Die Verkehrsmittel in Volks- und Staatswirtschaft, Bd. I, Wien 1875, A. Hölder, S. 229, 30.

G. Schöttle, Der Telegraph in administrativer und finanzieller Hinsicht Stuttgart 1883, W. Kohlhammer, S. 22.

Ad. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 44 und 66—70.

keine einzige lediglich um der Förderung öffentlicher Interessen willen gegründet, sondern nur wegen der Aussicht auf Rentabilität und günstige Dividende. Nur eine staatliche Verkehrsanstalt vermag, wie Ad. Wagner es treffend formuliert, das Tarifwesen auch genügend nach allgemeinen volkswirtschaftlichen, sozialen und politischen Gesichtspunkten zu regeln unter Ausgleichung der kontrastierenden Interessen ihrer Benutzer von der höheren Warte des nationalen Gesamtinteresses aus und unabhängig gegenüber mächtigen Privatinteressenten.¹⁾ Der Staatsverwaltung muß und wird es immer möglich sein, das volkswirtschaftliche Interesse beim Betrieb des Verkehrswesens, insbesondere bei der Tarifbildung in den Vordergrund zu stellen und die großen kulturellen wie wirtschaftlichen Vorteile eines regelmäßigen, stets benutzbaren und jedermann zugänglichen Nachrichtenverkehrs auch den ärmeren und entlegenen Teilen des Landes zu den allgemein üblichen Gebührensätzen zugänglich zu machen, gleichviel ob dort eine Rentabilität der Anlage in absehbarer Zeit oder überhaupt zu erwarten ist.²⁾ Das schließt nicht aus, daß der Staat in geeigneten Fällen bei Herstellung unrentabler Anlagen die Zahlung eines geringen Baukostenzuschusses oder die Gewährleistung einer gewissen mäßigen Gebühreneinnahme von den Interessenten in Anspruch nimmt.³⁾ Gleichzeitig sichert sich der Staat durch die Beherrschung des gesamten Nachrichtendienstes ein schätzbares Mittel der Volkswirtschaftspflege und ein Werkzeug für die allgemeine Staatsverwaltung von hohem politischen Wert. Ohne endlich die aner kennenswerte Fürsorge gut geleiteter Aktiengesellschaften für ihre Angestellten und Arbeiter zu unterschätzen, wird man annehmen dürfen, daß die staatliche Verwaltung auch dem zahlreichen beim Bau und Betrieb der Fernsprechanlagen zu beschäftigenden Personal günstigere Existenzbedingungen zu schaffen bestrebt sein wird, als in Ländern mit Privatbetrieb zu beobachten ist.⁴⁾

¹⁾ Ad. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 67.

²⁾ Vereinigung von sog. Aktiv- und Passivlinien; vgl. Ad. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 28–30 und 34.

R. v. d. Borcht, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 112.

³⁾ L. Elster, Wörterbuch der Volkswirtschaft, Bd. I, Jena 1906, G. Fischer, S. 818 und Archiv, Berlin 1902, S. 599.

⁴⁾ Ad. Wagner, Finanzwissenschaft, Teil I, 3. Aufl., Leipzig 1883, C. F. Winter, S. 586.

Ders., Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 32.

Ungeachtet dieser unbestreitbaren Vorzüge des Staatsbetriebs wird die Betätigung des Staates auf wirtschaftlichem Gebiet auch heute noch verschieden beurteilt.¹⁾ Wohl verlangt angesichts der stetig wachsenden Ausdehnung der Staatstätigkeit²⁾ und ihrer unleugbaren Erfolge niemand mehr die Rückkehr zu dem Axiom der Manchester-schule, wonach der Staat sich für wirtschaftliche Betriebe überhaupt nicht eignet und jedes Eingreifen in das freie Spiel der wirtschaftlichen Kräfte zu unterlassen hat; mit diesem Vorurteil hat die historische Schule der Nationalökonomie endgültig aufgeräumt. Immerhin begegnet man aber noch oft dem Vorwurf, daß der Staat teurer bant und teurer wirtschaftet³⁾ als eine nach kaufmännischen Grundsätzen geleitete Privatunternehmung, daß er den technischen und administrativen Fortschritten, durch die eine Verminderung der Betriebskosten bewirkt werden könne, nicht die nötige Beachtung schenkt und daß der Bürokratismus sich in den staatlichen Betrieben in unerwünschter Weise breit macht.⁴⁾ Dieser Vorwurf entbehrt in seiner allgemeinen Fassung wohl der Berechtigung. Mag immer bei dem Mangel wirksamer Konkurrenz die Gefahr einer übergroßen Zurückhaltung gegenüber technischen Fortschritten und zeitgemäßen Reformen hier und da festzustellen sein, mag ferner die Organisation der Verwaltung, besonders das Kassen- und Rechnungswesen, noch manche Verbesserung zur Vereinfachung des Betriebs und zur Erleichterung des Verkehrs mit dem Publikum wünschenswert erscheinen lassen, so sind doch in konstitutionell regierten Staaten die Interessen des Publikums durch die Tätigkeit des von der Presse nachhaltig unterstützten Parlaments hinreichend gesichert. Bedenklicher liegen die Verhältnisse freilich, wo der Staat, wie in Schweden, auch die Herstellung der in den fiskalischen Fernsprechnetzen zu verwendenden Apparate und Umschalt-einrichtungen auf staatlichen Werkstätten sich vorbehält, da hierdurch nicht allein einer gesunden Industrie ohne zwingenden Grund der

¹⁾ R. v. d. Borcht, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 65.
J. Conrad, Grundriß, Finanzwissenschaft, 4. Aufl., Jena 1906, G. Fischer, S. 67.

²⁾ A. d. Wagner, Grundlegung der politischen Ökonomie, Teil I, 3. Aufl., Leipzig 1893, C. F. Winter, S. 892 ff., bes. 900/902.

³⁾ J. Conrad, Grundriß, Finanzwissenschaft, 4. Aufl., Jena 1906, G. Fischer, S. 6.

⁴⁾ J. Conrad, Grundriß, Volkswirtschaftsstatistik, 5. Aufl., Jena 1906, G. Fischer, S. 471.

G. Schöttle, Der Telegraph in administrativer und finanzieller Hinsicht, Stuttgart 1883, W. Kohlhammer, S. 24.

Boden entzogen wird, sondern auch der Technik leicht der Ansporn zu fruchtbarer Entfaltung des Erfindergeistes genommen werden kann.

Ein weiterer Einwand gegen die Übernahme des Fernsprechbetriebs in staatliche Verwaltung gründet sich auf die Vergrößerung der Staatsschuldenlast durch Inanspruchnahme des Staatskredits für den Ankauf und die Erweiterung der Betriebsmittel.¹⁾ Solche Anleihen werden allerdings in Staaten mit reinem Privatbetrieb nicht erforderlich. Auch gegenüber diesem Einwand bieten Parlament und Presse einige Gewähr dafür, daß bei der Aufnahme der im übrigen produktiven Anleihen die richtigen Grenzen eingehalten werden.

Bei alledem ist indes anzuerkennen, daß die grundsätzliche Forderung einer allgemeinen Verstaatlichung des Fernsprechwesens über das Ziel hinausgeht. Mag immerhin dieser Zustand in absehbarer Zeit zu erwarten sein, so müssen bei der Entscheidung über die zweckmäßigste Form der Organisation des Fernsprechwesens im Ausland doch immer von Fall zu Fall die jeweiligen verfassungsmäßigen Grundlagen und die historische Entwicklung berücksichtigt werden.²⁾ Insbesondere kann der ausgedehnten Betätigung des Staates auf wirtschaftlichem Gebiet nur da das Wort geredet werden, wo ein von den gesetzgebenden Körperschaften unabhängiger und durchaus zuverlässiger Beamtenstand die Gewähr gegen jedweden Mißbrauch des Staatsmonopols bietet. Unter diesem Gesichtspunkt ist z. B. in den Vereinigten Staaten von Amerika der private Fernsprechbetrieb ebenso wie der private Eisenbahnbetrieb auch heute noch als die zweckmäßigste Organisationsform anzusehen.³⁾

¹⁾ R. v. d. Borcht, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 102.

J. Conrad, Grundriß, Finanzwissenschaft, 4. Aufl., Jena 1906, G. Fischer, S. 6.

Ad. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 26/27.

²⁾ Fr. Meili, Das Telephonrecht, Leipzig 1885, Duncker u. Humblot, S. 71/72.

Ad. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 25.

³⁾ J. Conrad, Grundriß, Volkswirtschaftspolitik, 5. Aufl., Jena 1906, G. Fischer, S. 471/72.

C. Finanzpolitische Grundlagen.

§ 11.

Leitende Finanzprinzipien.

Sind Betrieb und Verwaltung des Fernsprechwesens unter Beachtung der bisher entwickelten Gesichtspunkte ökonomisch organisiert, so gilt es, für die einzelnen Verkehrsleistungen angemessene Preise festzusetzen, deren übersichtliche Zusammenstellung man als den Gebührentarif bezeichnet. Während nun die grundlegenden Fragen der Technik und der Organisation des Fernsprechwesens in ihren Beziehungen zur Tarifbildung noch keine besondere Würdigung in der Literatur gefunden haben und demgemäß in den beiden vorausgehenden Abschnitten ausführlicher dargestellt werden mußten, sind die allgemein gültigen Grundsätze für die Preisbildung und die Tarifpolitik des öffentlichen Verkehrswesens wiederholt eingehend behandelt worden.¹⁾ Ich kann mich hinsichtlich dieser finanztheoretischen Grundfragen der Tarifbildung im Fernsprechverkehr daher kürzer fassen.

Wie im vorigen Abschnitt nachgewiesen wurde, neigt das Fernsprechwesen gleich den übrigen Verkehrszweigen zur monopolistischen Entwicklung. Die Preisbildung vollzieht sich daher hier nicht im Wechselspiel von Angebot und Nachfrage, wie dies in Landwirtschaft, Handel und Industrie üblich ist, vielmehr sind die Unternehmer der Verkehrsanstalten meist in der Lage, den zahlreichen Abnehmern der

¹⁾ Neben den hierauf bezüglichen Artikeln der grundlegenden finanzwissenschaftlichen Werke und staatswissenschaftlichen Enzyklopädien verdienen an dieser Stelle besondere Erwähnung:

R. v. d. Borcht, Das Verkehrswesen, Leipzig 1904, C. L. Hirschfeld, S. 104—156.

E. Sax, Die Verkehrsmittel in Volks- und Staatswirtschaft, Bd. I, Wien 1878, A. Hölder, S. 246/54 u. 261/83.

Ad. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 34/73 und 85/86.

O. Fuhrmann, Die Bedeutung des lokalen Nachrichtenverkehrs für das wirtschaftliche Leben, Berlin 1909, E. Ebering, S. 57/83.

H. Schwaighofer, Die Grundlagen der Preisbildung im elektrischen Nachrichtenverkehr, München 1902, J. Lindauer, S. 21/65.

A. Schmidt, Die Tarife der deutschen Reichs-Post- und Telegraphenverwaltung, bb II: Die Fernsprechgebühr (im Finanzarchiv 1906, Bd. 1, S. 141/66

Verkehrsleistungen Monopolpreise vorzuschreiben.¹⁾ Die hierin liegende Gefahr mißbräuchlicher Ausnutzung des Monopolguts im Wege rein fiskalistischer Ausbeutung des Verkehrsunternehmens ist im Fernsprechbetrieb besonders groß, weil hier, wie bei Erörterung der technisch-ökonomischen Fragen dargelegt wurde, die sonst übliche Erhöhung der Einnahmen durch Verkehrssteigerung mittels niedriger Tarifsätze nicht möglich ist. Wieweit im einzelnen Falle die Verkehrsverwaltungen ihre Monopolstellung bei der Preisbildung ausnutzen, das hängt — soweit nicht die Volksvertretung ihren konstitutionellen Einfluß auf die Tarifgestaltung geltend macht — von dem leitenden Finanzprinzip ab, welches der finanziellen Behandlung zugrunde gelegt wird.²⁾

Zwei von den hierbei zur Wahl stehenden Finanzprinzipien sind nach dem übereinstimmenden Urteil der angeführten Autoren im Telegraphen- und Fernsprechverkehr von vornherein als ungeeignete Extreme abzuweisen: Das Prinzip der reinen Staatsausgabe und das Regalisierungsprinzip.

Beim Prinzip der reinen Staatsausgabe³⁾ gilt die öffentliche Verkehrsleistung als ein allgemeines Genußgut, das, wie z. B. die Benutzung öffentlicher Straßen, der Allgemeinheit unentgeltlich zur Verfügung zu stellen ist. Die Aufwendungen für Anlage, Instandhaltung und Betrieb eines nach dem Grundsatz der Unentgeltlichkeit verwalteten Unternehmens müssen beim Fehlen jeglicher Verkehrseinnahmen aus den sonstigen Einkünften des öffentlichen Körpers bestritten werden; sie erhöhen demgemäß die Steuerlast der gesamten Bevölkerung. Die Anwendung dieses Grundsatzes auf die Verwaltung der nur von einem Teile der Bevölkerung benutzten Fernsprechanlagen verbietet sich hiernach von selbst.

¹⁾ J. Grunzel, System der Verkehrspolitik, Leipzig 1906, Duncker u. Humblot, S. 11.

H. Schwaighofer, Die Grundlagen der Preisbildung im elektrischen Nachrichtenverkehr, München 1902, J. Lindauer, S. 23/24.

²⁾ R. v. d. Borgh, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 116/17.

³⁾ R. v. d. Borgh, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 105.

E. Sax, Die Verkehrsmittel in Volks- und Staatswirtschaft, Bd. I, Wien 1878, A. Hölder, S. 246/47.

H. Schwaighofer, Die Grundlagen der Preisbildung im elektrischen Nachrichtenverkehr, München 1902, J. Lindauer, S. 54/55.

Ad. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 33 und 35.

Ähnlich liegen die Verhältnisse beim sogenannten Regalisierungs- oder Regalitätsprinzip,¹⁾ welches Sax als das Prinzip der öffentlichen Unternehmung bezeichnet. Seine Anwendung gipfelt in der fiskalischen Ausbeutung des Monopolcharakters öffentlicher Verkehrsunternehmungen und hat daher zwar keine allgemeine Erhöhung der Steuerlast, wohl aber eine Verkehrsbesteuerung zur Folge, die alle Benutzer der Verkehrsanstalten mehr oder weniger empfindlich trifft. Es könnte entbehrlich erscheinen, auf dieses heute zweifellos als unzeitgemäß zu verwerfende System näher einzugehen, wenn nicht G. Cohn und A. d. Wagner²⁾ seine Anwendung gerade auf dem Gebiete des öffentlichen Nachrichtendienstes nahegelegt hätten. Beide Autoren weisen darauf hin, daß die Leistungen der öffentlichen Verkehrsanstalten, besonders der Telegraphie und Telephonie, weit überwiegend den wohlhabenden Klassen der Bevölkerung, unter diesen wiederum vorzugsweise den Kreisen des Großhandels und der Industrie zugute kommen, und daß darum in Fragen der Gebührenbemessung auf diesem Gebiete die Interessen der leistungsfähigen Kreise unbedingt hinter das öffentliche Interesse der Staatsfinanzen zurückzutreten haben. Dieses allgemeine Urteil über die einseitige Benutzung der Verkehrsmittel kann bei der heutigen Ausbreitung des Fernsprechers nicht mehr als maßgebend für die finanzielle Behandlung des Verkehrszweiges anerkannt werden. Mögen immerhin Industrie, Banken und Börsen besonders am Fernverkehr den größten Anteil haben, so würde doch eine derartige Verkehrsbesteuerung heute auch weite Kreise der weniger leistungsfähigen, gleichwohl auf die Benutzung des Fernsprechers angewiesenen Bevölkerung³⁾ schädigen und die Entwicklung des Fernsprechverkehrs höchst nachteilig beeinflussen; das wäre aber bei der einleitend hervorgehobenen hohen wirtschaftlichen Bedeutung des Fernsprechverkehrs gewiß ein wenig wünschenswerter

¹⁾ R. v. d. Borgh, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 105/107.

E. Sax, Die Verkehrsmittel in Volks- und Staatswirtschaft, Bd. I, Wien 1878. A. Hölder, S. 249/50.

A. d. Wagner, Theoretische Sozialökonomik, II, 1, Leipzig 1909. C. F. Winter, S. 33/34 und 39/40.

²⁾ G. Cohn, System der Finanzwissenschaft, Stuttgart 1889, F. Enk. S. 606/11 und 662.

A. d. Wagner, Finanzwissenschaft, Teil II, 2. Aufl., Leipzig 1890, C. F. Winter, Anm. S. 158.

³⁾ Vgl. die Übersicht über die Berufsverteilung im Ortsfernprechnetz Halle (Saale); Anlage 3.

Erfolg. Andererseits würden gerade die mit solcher Maßnahme zu treffenden Kreise des Großhandels und der Großindustrie vermöge ihrer wirtschaftlichen Machtstellung am leichtesten in der Lage sein, die Verkehrssteuer auf ihre Kunden abzuwälzen,¹⁾ so daß abermals weitere Kreise in Mitleidenschaft gezogen werden müßten. Endlich darf nicht vergessen werden, daß Handel und Industrie im Dienste der Allgemeinheit stehen, und daß jede unangebrachte Schädigung ihrer Leistungsfähigkeit schließlich nicht nur reine Privatinteressen der Beteiligten, sondern in letzter Linie öffentliche Interessen verletzt.

Unter diesem Gesichtspunkt kann auch der Anwendung des privatwirtschaftlichen oder gewerblichen Prinzips²⁾ nur bedingt zugestimmt werden. Zuzugeben ist, daß die freihändlerische Forderung, bei öffentlichen Verkehrsunternehmungen jede Überschußwirtschaft zu vermeiden, über das Ziel hinausgeht, solange die ausreichende Wahrnehmung der allgemeinen volkswirtschaftlichen, sozialen und Verkehrsinteressen sichergestellt ist. Läßt sich bei Erfüllung dieser Voraussetzungen ein Überschuß aus der Verwaltung des Fernsprechwesens erzielen, so ist das zu rechtfertigen, selbst wenn der Überschuß nicht grundsätzlich zum weiteren Ausbau der Anlagen, sondern zur Deckung anderer öffentlicher Ausgaben, z. B. zur Tilgung des im Telegraphenbetriebe meist vorhandenen Defizits benutzt wird. Immerhin kann die Anwendung dieses Systems nur für Fernsprechunternehmungen empfohlen werden, die im Anfang ihrer Entwicklung stehen und noch erhebliche Aufwendungen für den Ausbau ihres Leitungsnetzes machen müssen. In allen übrigen Fällen empfiehlt es sich, auf die Erzielung eines nennenswerten Reingewinns möglichst zu verzichten und bei Finanzierung des Unternehmens lediglich auf unbedingte Kostendeckung hinzuwirken.

Dieser Gedanke liegt dem sogenannten Gebührenprinzip³⁾

¹⁾ J. Conrad, Grundriß, Finanzwissenschaft, 4. Aufl., Jena 1906, G. Fischer, S. 17.

²⁾ R. v. d. Borgh, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 107/110.

A. d. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 33 und 38/39.

³⁾ R. v. d. Borgh, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 111/13.

E. Sax, Die Verkehrsmittel in Volks- und Staatswirtschaft, Bd. I, Wien 1878, A. Hölder, S. 248/49.

H. Schwaighofer, Die Grundlagen der Preisbildung im elektrischen Nachrichtenverkehr, München 1902, J. Lindauer, S. 55/56.

zugrunde, das heute auch im Fernsprechverkehr die weiteste Ausbreitung gefunden hat.¹⁾ Die für die einzelne Verkehrsleistung oder — im Falle der Pauschalierung — für eine größere Anzahl von Verkehrsleistungen tarifmäßig zu erhebenden Gebühren sind bei Anwendung des Gebührenprinzips derart zu bemessen, daß voller Ersatz der für Einrichtung, Unterhaltung, Betrieb und Verwaltung des Unternehmens entstehenden Kosten sowie eine ausreichende Verzinsung und Amortisation des aufgewendeten Kapitals erzielt werden.²⁾ Zu diesen Selbstkosten darf ein Zuschuß aus den sonstigen Einkünften des öffentlichen Körpers nur ausnahmsweise geleistet werden, und zwar im allgemeinen nur dann, wenn ohne solchen Zuschuß das allgemeine Verkehrsinteresse benachteiligt und die Verkehrsentwicklung gehemmt wird. Hierin kommt anderseits zum Ausdruck, daß in der Praxis die dogmatische Festlegung der Tarifpolitik auf eines der vorerwähnten Finanzprinzipien nicht möglich ist, vielmehr ungeachtet aller Vorzüge des Gebührenprinzips gelegentlich auch die Befolgung der übrigen Grundsätze in Erwägung gezogen werden muß.

§ 12.

Preisbildung im Fernsprechverkehr.

Bei folgerichtiger Anwendung des Gebührenprinzips als Richtschnur für die finanzielle Behandlung des Fernsprechwesens geben die Selbstkosten der Verkehrsleistung einen Anhalt für die Preis-

A. d. Wagner, Finanzwissenschaft, Teil II, 2. Aufl., Leipzig 1890, C. F. Winter, S. 157/58.

Ders., Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 33 und 35/37.

¹⁾ Zur Streitfrage, ob es sich bei den Einnahmen aus dem Fernsprechverkehr um Gebühren im Sinne der Finanzwirtschaft oder um Erwerbseinkünfte handelt, vgl. O. Fuhrmann, Die Bedeutung des lokalen Nachrichtenverkehrs für das wirtschaftliche Leben, Berlin 1909, E. Ebering, S. 68/69, Anmerkung.

²⁾ In der finanzwissenschaftlichen Literatur wird von „Gebühren“ allerdings gewöhnlich nur im Falle teilweiser Kostendeckung geredet; alle auf vollen Kostenersatz oder auf Erzielung von Überschüssen berechneten Abgaben pflegen unter die „Steuern“ eingereiht zu werden. Mit Rücksicht auf die aus dieser Scheidung für die Terminologie sich ergebenden Schwierigkeiten werden in der vorliegenden Arbeit die Einkünfte aus dem Fernsprechbetrieb ungeachtet der Tendenz voller Kostendeckung als „Gebühren“ im allgemeinen und landläufigen Sinne des Wortes bezeichnet.

bildung immerhin nur insofern, als sie die Minimalgrenze¹⁾ andeuten, unter die bei Normierung der Tarifsätze nicht herabgegangen werden darf; als Maximalgrenze²⁾ ist demgegenüber der Wert der einzelnen Verkehrsleistung für den Benutzer bei der Preisbildung zugrunde zu legen. Daneben kommt in Frage, ob und inwieweit die Leistungsfähigkeit des Benutzers für die Preisbemessung im Fernsprechverkehr von Belang ist.

Die Zusammensetzung der bei den einzelnen Verkehrsleistungen im Orts- und Fernverkehr entstehenden Selbstkosten aus einem festen Kostenanteil — dem Aufwand für Verzinsung und Amortisierung des Anlagekapitals — und einem veränderlichen Bestandteil — den Verwaltungs- und Betriebskosten³⁾ — sowie ihre übliche Unterteilung in Stations- und Streckenkosten⁴⁾ sollen bei Erörterung der Rentabilitätsfragen im letzten Teil der vorliegenden Arbeit an der Hand praktischer Daten näher dargestellt werden. Ich kann mich daher hier auf die Prüfung der Frage beschränken, ob und inwieweit überhaupt das Kostenmoment geeignet ist, bei der Preisbildung im Fernsprechverkehr als Maßstab zu dienen. An dieser Stelle ist vor allem zu warnen, vor den in der Literatur immer wiederkehrenden Parallelen zwischen dem Telegraphen- und dem Fernsprechverkehr. Solche Vergleiche sind unhaltbar und führen notwendig zu einer schiefen Beurteilung der Tarifverhältnisse im Fernsprechverkehr, weil, wie einleitend bereits erwähnt wurde, wohl der Telegraphenbetrieb einen Massenverkehr auf den einzelnen Leitungen gestattet, nicht aber der viel langsamer arbeitende Fernsprechdienst. Aus diesem Grunde fehlt beim Fernsprechbetrieb die in den übrigen Zweigen des

¹⁾ R. v. d. Borght, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 128.

Ad. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 45.

²⁾ R. v. d. Borght, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 138/44.

Ad. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 44/45.

³⁾ R. v. d. Borght, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 129/30.

H. Schwaighofer, Die Grundlagen der Preisbildung im elektrischen Nachrichtenverkehr, München 1902, J. Lindauer, S. 39/42.

⁴⁾ R. v. d. Borght, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 404/5.

H. Schwaighofer, Die Grundlagen der Preisbildung im elektrischen Nachrichtenverkehr, München 1902, J. Lindauer, S. 42/50.

Größe der Fernsprechnetze zu staffeln. Für die Individualisierung der Gebühr innerhalb der verschiedenen Ortsnetze aber bildet, wie im folgenden Abschnitt näher zu begründen bleibt, die Zahl der von den einzelnen Anschlüssen aus verlangten Ortsverbindungen den geeignetsten Maßstab.

In ähnlicher Weise folgt beim Fernverkehr aus der Steigerung des Wertes der Verbindungen mit zunehmender Entfernung die bereits empfohlene Staffelung der Tarifsätze nach Entfernungszonen. Daneben sind hier, wie gleichfalls in den folgenden Abschnitten näher ausgeführt werden soll, die den Wert erhöhende Dringlichkeit einzelner Ferngespräche sowie die Zahl und Zeitdauer der Gespräche die gegebenen Faktoren für eine gerechte Bemessung der Gebühren.

Werden die Selbstkosten der Verwaltung und der Wert der einzelnen Verkehrsleistungen für den Benutzer unter Zugrundelegung sorgfältig zu berechnender Durchschnittssätze bei Aufstellung der Fernsprechgebührentarife angemessen berücksichtigt, so bietet sich hierbei die Möglichkeit weitgehender Individualisierung der Einzelgebühren ohne Schädigung der Verkehrsinteressen. Auf die Berücksichtigung der Leistungsfähigkeit¹⁾ des einzelnen Benutzers, wie sie in den Eisenbahntarifen für den Personen- und Güterverkehr zum Ausdruck kommt, wird unter diesen Umständen im Fernsprechverkehr verzichtet werden können. Die gerechte Einteilung der Benutzer in verschiedene Klassen nach dem Grade ihrer Leistungsfähigkeit würde zudem hier auf große Schwierigkeiten stoßen; eine mangelhafte Klasseneinteilung aber könnte leicht zu einer Störung des in erster Linie anzustrebenden Gleichmaßes von Leistung und Gegenleistung führen, das bei Aufstellung angemessen individualisierter Tarifsätze mit annähernder Zuverlässigkeit zu erreichen ist.

¹⁾ R. v. d. Borgh, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 145.

III. Die Entwicklung der europäischen Fernsprechgebührentarife.

§ 13.

Entwicklung der typischen Gebührenformen.

Bevor ich dazu übergehe, die unter diesem Gesichtspunkt in den europäischen Staaten seit Einführung des Fernsprechers aufgestellten Gebührentarife in ihrer historischen Entwicklung wiederzugeben, sollen im folgenden einleitend die typischen Gebührenformen erläutert werden, die sich im Lauf der Jahre herausgebildet haben und in der tabellarischen Übersicht ¹⁾ regelmäßig wiederkehren. Ich folge hierbei der in der Übersicht gewählten Einteilung des Stoffes und trenne demgemäß die Gebühren für den Ortsverkehr innerhalb der einzelnen Ortsnetze von den nach anderen Gesichtspunkten zu beurteilenden Gebühren für den Fernverkehr.

a) Ortsverkehr.

Die Gestaltung des Fernsprechgebührenwesens im Ortsverkehr mußte sich bei der Neuheit des Verkehrsmittels, das jeden Tag wechselnde Aufgaben stellen, ungeahnte Schwierigkeiten bieten, andere Richtungen einschlagen und so die Rechnung zwischen Leistung und Gegenleistung plötzlich von Grund aus verschieben konnte, notwendigerweise eng an die technische Entwicklung des Fernsprechwesens anschließen. Niemand konnte zur Zeit der Einführung des Fernsprechers ahnen, welchen Umfang die Benutzung des neuen Verkehrsmittels annehmen würde; ebensowenig ließ sich voraussagen, wie bei zunehmender Ausbreitung des Fernsprechers der Betriebsdienst sich gestalten

¹⁾ Vgl. § 14.

würde.¹⁾ Man scheute daher anfänglich mit Recht vor der Verwendung aller umständlichen Einrichtungen für die Gebührenbemessung zurück, welche die Einbürgerung des neuen Verkehrsmittels hätten erschweren können, und begnügte sich zunächst mit der denkbar einfachsten Lösung der Gebührenfrage, einem allerorts gültigen Einheitstarif.

Die Vereinigten Staaten von Amerika waren mit der Einführung der einheitlichen jährlichen Pauschgebühr vorangegangen; dort zeigten sich auch zuerst die offenkundigen Mängel dieses Gebührensystems, das wegen seiner Einfachheit in Europa die weiteste Verbreitung gefunden und sich hier in verschiedenartiger Ausbildung bis zum heutigen Tage erhalten hat. Allgemein aufgegeben ist heute — wenigstens in den größeren Staatsgebieten — nur die Erhebung der gleichen Pauschgebühr in allen Orten des Landes. In Erkenntnis der bei zunehmender Teilnehmerzahl sich ergebenden Steigerung der Kosten für den einzelnen Anschluß befolgt man vielmehr den Grundsatz „je mehr Teilnehmer am Ortsnetz, um so höher die Pauschgebühr“. Die Gründe für dieses Vorgehen der Verwaltungen sind in den vorausgehenden Abschnitten bereits wiederholt erörtert worden. Immerhin muß an dieser Stelle erneut auf ihre Berechtigung hingewiesen werden, da man noch oft dem weit verbreiteten Irrtum begegnet, daß die Fernspreckgebühren „nach gesundem kaufmännischen Prinzip“ mit der Zunahme der Angeschlossenen sich ermäßigen sollten — eine Auffassung, der z. B. v. d. Borgh t ausdrücklich beitrifft.²⁾ Minder wichtig als die auf den zunehmenden Kosten der Vermittelungseinrichtung fußende Begründung höherer Tarife in den größeren Ortsnetzen ist die im vorigen Abschnitt an zweiter Stelle hierfür angeführte Erwägung, daß der Nutzen des Fernspreckers für den einzelnen mit der Zahl der an das Ortsnetz Angeschlossenen zunimmt. Zweifellos ist der sogenannte „Bekanntschaftsfaktor“ von Einfluß auf dem Umfang des Verkehrs innerhalb eines jeden Ortes;³⁾ immerhin pflegt aber die Zahl der mit einem einzelnen Anschluß in regelmäßigem Sprechverkehr stehenden Teilnehmer auch in den größten Ortsnetzen im Durchschnitt recht gering zu sein.

Selbst im Falle einer Abstufung des jährlich zu entrichtenden

¹⁾ Mitteilungen aus dem Telegraphen-Ingenieurbureau des Reichs-Postamts (Juni 1889 bis März 1892), Berlin 1892, J. Springer, S. 96.

²⁾ R. v. d. Borgh t, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 411.

³⁾ Archiv, Berlin 1907, S. 150.

Pauschalbetrages nach der Größe der Ortsnetze, wobei im übrigen nur die Zahl der an das Vermittlungsamt angeschlossenen Fernsprechteilnehmer, nicht — wie z. B. in Frankreich und Spanien — die Zahl der Ortseinwohner den Ausschlag geben darf, bleibt die Pauschgebühr eine unvollkommene Gebührenform, mag sie nun allein oder neben anderen Gebührenarten im Ortsverkehr zur Erhebung der Fernsprecheinnahmen dienen. Entrichten nämlich alle Pauschgebührenteilnehmer eines Ortsnetzes jahraus jahrein dieselbe Gebühr, gleichviel ob sie ihren Anschluß nur wenig benutzen oder von ihm den ausgiebigsten Gebrauch machen, dann zahlen notwendigerweise die einen zuviel, die anderen zu wenig, denn die Teilnehmer mit schwachem Verkehr entrichten in solchen Fällen zwar absolut ebensoviel, relativ aber erheblich mehr als die Inhaber stark benutzter Anschlüsse.¹⁾ Da nun ein angemessener Ausgleich in der Verkehrsstärke der verschiedenen zu einem Ortsnetz gehörenden Anschlüsse selten eintritt, so ist die Pauschgebühr zwar günstig für die Inhaber stark benutzter Anschlüsse, aber ungerecht für alle übrigen Gebührenzahler und unzweckmäßig für die davon Gebrauch machenden Verwaltungen. In der Tat hat die Anwendung des Pauschgebührensystms die Rentabilität der Fernsprechanlagen ungeachtet der überraschend schnellen Ausbreitung dieses Verkehrsmittels nicht in dem erwünschten, von anderen Verkehrsunternehmungen erreichten Umfange zunehmen lassen, weil die Betriebsausgaben mit dem Zuwachs an Teilnehmern viel rascher anstiegen als die bei mäßigen Gebührensätzen auf Grund der Pauschaltarisie sich ergebenden Gebühreneinnahmen.²⁾ Gegen die Anwendung des Pauschalsystems spricht endlich auch die ebenso unerwünschte wie unnötige Häufung des Verkehrs in den Pauschgebührleitungen, die in der Denkschrift des Reichs-Postamts wegen Änderung der zurzeit geltenden deutschen Fernsprechgebührenordnung³⁾ eine eingehende Würdigung gefunden hat. Jede ein gewisses Maß überschreitende Belastung der Anschlußleitungen wirkt, wie a. a. O. näher nachgewiesen ist,⁴⁾ lähmend auf die Bedienung der Teilnehmer; sie steigert zudem die Zahl der auf besetzte, d. h. augenblicklich im Gespräch

¹⁾ R. v. d. Borcht, Das Verkehrswesen, Leipzig 1894, C. L. Hirschfeld, S. 409.

²⁾ E. T. Z., Berlin 1895, S. 53.

³⁾ Archiv, Berlin 1908, S. 33—43.

Z. f. Sch., München 1908, S. 8—18.

⁴⁾ Archiv, Berlin 1908, S. 35.

Z. f. Sch., München 1908, S. 10.

befindliche Anschlüsse entfallenden Anrufe und die zur Erledigung dieser Anrufe nutzlos aufzuwendende Vermittlungsarbeit in einer für Verwaltung und Teilnehmer gleich unerwünschten Weise. Andererseits hat die Erfahrung gelehrt, daß die Möglichkeit, von den Pauschgebührenschnitten unbegrenzten Gebrauch zu machen, ohne daß eine Gebührenkontrolle im einzelnen eintritt, besonders das kaufmännische Hilfspersonal und das Büropersonal sowie die Dienstboten der Privathäuser überaus häufig zur Führung offenkundig unnötiger Gespräche verleitet und damit — wie die Denkschrift sich ausdrückt — zu einer Benutzung der Anschlußleitungen führt, die über das Maß des wirtschaftlich Notwendigen oder Nützlichen weit hinausgeht. Die Erhebung einer Pauschgebühr mag also in kleineren Orten oder für kleinere Staatsgebiete berechtigt sein, wo die Verhältnisse für alle Teilnehmer annähernd gleich liegen; für größere Ortsnetze muß sie nach den obigen Ausführungen als unhaltbar bezeichnet werden entgegen allen aus den Kreisen des Großhandels und der Großindustrie für ihre Beibehaltung ins Feld geführten Gründen, die zuweilen recht deutlich das bei der Vertretung der allgemeinen Verkehrsinteressen sich bekundende Klasseninteresse erkennen lassen.¹⁾

Das Interesse der Allgemeinheit fordert heute entschieden eine gerechte Tarifierung der Ortsfernsprechanschlüsse nach dem Werte, den der Fernsprecher dem einzelnen gewährt. Bevor ich aber auf die dahinzielenden Vorschläge und Versuche näher eingehe, habe ich noch einer lange weitverbreiteten Form der Pauschgebühr zu gedenken, die durch Zerteilung der Gebühr neben den laufenden Aufwendungen für Bedienung und Unterhaltung der Anschlüsse deren erstmalige Anlagekosten besonders zu berücksichtigen sucht. Im Hinblick auf die je nach der Entfernung der Anschlüsse vom Vermittlungsamt verschiedenen hohen Aufwendungen für die Herstellung der Leitung und der Sprechstelle erhebt man hierbei außer der lediglich als Entgelt für die Bedienung und Unterhaltung der Fernsprechanlage aufgefaßten Jahrespauschgebühr noch eine in der Regel nach festen Sätzen berechnete einmalige Gebühr, welche die Kosten der ersten Einrichtung zu decken hat. Dieses System ist zweifellos vorteilhaft für die Verwaltungen; es verzögert aber, wie die Erfahrung gelehrt hat, augenscheinlich die Zunahme der Fernsprechanschlüsse. Besonders kleinere Geschäftsleute schrecken mit Recht vor dem schon im Anfang zu

¹⁾ A. d. Wagner, Theoretische Sozialökonomik, II. 1, Leipzig 1909, C. F. Winter, S. 41.

entrichtenden, oft recht erheblichen Beträge zurück, der ihnen verloren geht, falls sie aus irgendwelchem unvorhergesehenen Grunde den Fernsprecher nach kurzer Zeit wieder aufgeben müssen.¹⁾ Gleichfalls in dem Bestreben, die beträchtlichen Kosten für die Herstellung der Leitung sowie für die Einrichtung der Sprechstelle sicherzustellen und einer vorzeitigen Kündigung der Fernsprechanschlüsse nach Möglichkeit vorzubeugen, hat man ferner eine Staffelung der Pauschgebühr in dem Sinne erprobt, daß die jährlich zu entrichtende Pauschgebühr mit der Zahl der Jahre sich ermäßigt, auf die hinaus der Antragsteller von vornherein zur Übernahme des Fernsprechanschlusses sich verpflichtet.

Dem Schweizer Dr. Timotheus Rothen, späteren Leiter des Internationalen Bureaus der Telegraphenverwaltungen in Bern, gebührt das Verdienst, zuerst die Einzelgesprächszählung als Grundlage gerechter Gebührenbemessung im Ortsverkehr angeregt zu haben. Da seine anfänglich wenig beachteten Vorschläge später die Tarifentwicklung nachhaltig beeinflußt haben, so mögen sie wenigstens in Kürze hier wiedergegeben werden.

Rothen empfahl bereits im Jahre 1883,²⁾ die Pauschgebühr aufzugeben, statt dessen bei Bemessung der Gebühren für den Ortsverkehr eine Verzinsung des Anlagekapitals mit 5 % anzustreben und den Fernsprechteilnehmern zu diesem Zwecke jedes von ihrer Sprechstelle ausgehende Ortsgespräch einzeln zu berechnen. Hierbei sollten für eine jährliche Mindestgebühr von 50 Fr. 300 solcher Ortsverbindungen ohne Ansatz weiterer Gebühren ausgeführt werden; bei mehr als 300 bis einschließlich 1000 jährlich von einem Anschluß ausgehenden Anrufen gedachte Rothen für jede weitere von der Sprechstelle angemeldete Verbindung 10 cts., bei jährlich mehr als 1000 Verbindungen aber nur noch 5 cts. für jedes gebührenpflichtige Ortsgespräch zu erheben bis zur Erreichung des jährlichen Höchstbetrages von 300 Fr., den nur die am ausgiebigsten benutzten Anschlüsse zu entrichten haben würden.

Bevor dieser Vorschlag mit einigen aus der tabellarischen Zusammenstellung ersichtlichen Abweichungen von der schweizerischen Verwaltung angenommen wurde, trat Rothen mit einer neuen Anregung hervor.³⁾ die später noch weitere Verbreitung gefunden hat

¹⁾ Journal 1886, S. 165.

²⁾ Journal 1883, S. 193/94.

³⁾ Journal 1886, S. 189/91.

als sein erster Vorschlag. Er schied jetzt grundsätzlich zwischen den Aufwendungen für die Einrichtung, Unterhaltung, Verzinsung und Amortisation der Teilnehmeranschlußleitungen, Apparate und Vermittelungseinrichtungen auf der einen und den Kosten des Vermittlungsdienstes auf der anderen Seite. Für den an erster Stelle aufgeführten technischen Kostenaufwand sollte eine jährlich in gleicher Höhe wiederkehrende Pauschgebühr, Grundgebühr genannt, gleichmäßig von allen Teilnehmern desselben Ortsnetzes erhoben werden. Der verschiedenen Inanspruchnahme des Vermittlungspersonals seitens der einzelnen Teilnehmer aber suchte Rothen Rechnung zu tragen durch Ansatz einer Einzelgebühr von 5 cts. für jede von der Sprechstelle aus angemeldete gebührenpflichtige Gesprächsverbindung.

Rothen hatte die Genugtuung, daß im Jahre 1890 die schweizerische Verwaltung als die erste vom Pauschgebührensysteem grundsätzlich zur Einzelgesprächszählung überging. Anfang der neunziger Jahre folgten die Vereinigten Staaten von Amerika sowie Schweden, ohne indes gleich der Schweiz völlig auf das neben der Gesprächszählung fortbestehende Pauschgebührensysteem zu verzichten. Alle übrigen Verwaltungen verhielten sich den beachtenswerten Vorschlägen Rothens gegenüber zunächst abwartend oder ablehnend. Man verkannte wohl nirgends, daß die Berechnung der einzelnen Gespräche das beste Mittel biete, die Gebühren gerecht, d. h. der wirklichen Leitungsbenutzung entsprechend zu bemessen, aber man erblickte in der Einzelzählung der Ortsgespräche eine unerwünschte Erschwerung des Betriebsdienstes, ja man hielt diese Zählung an stark benutzten Leitungen schlechthin für undurchführbar, solange nicht die Zählarbeit durch selbsttätige Mechanismen dem Vermittlungspersonal abgenommen werden könnte.

Damit trat zu Beginn der neunziger Jahre an die Fernsprechtechniker die neue Aufgabe heran, eine möglichst ohne Mitwirkung des Vermittlungspersonals auszulösende, unbedingt zuverlässige Zählvorrichtung für die von den Sprechstellen ausgehenden Ortsgespräche herzustellen. Der Vorschlag, die Dauer der Leitungsbenutzung von Fall zu Fall durch selbsttätig auszulösende Uhrwerke festzustellen und die Gebühren alsdann nach dem Zeitmaß zu berechnen, erwies sich im Ortsverkehr als unzweckmäßig. Die Verwaltungen forderten daher schließlich nur noch eine automatische Zählung der auf jede Sprechstelle entfallenden gebührenpflichtigen Ortsgespräche. Kaum eine zweite Aufgabe aus dem Gebiete der Fernsprechtechnik hat so zahlreiche Lösungen gefunden wie das Problem der automatischen Ge-

sprächszählung, kaum eine hat aber den Verwaltungen und Erfindern gleichviel Enttäuschungen gebracht. Bei der Wichtigkeit dieses Gegenstandes für die künftige Gestaltung der Ortstarife halte ich es für angebracht, die technische Seite der Einzelgesprächszählung wenigstens kurz zu beleuchten.¹⁾

Eine ideale Lösung dieser Aufgabe ist bis heute nicht gefunden, sie wird wohl auch kaum gefunden werden. Ideal wäre nämlich eine Gesprächszählung, die — völlig automatisch sich vollziehend — nur die wirklich ausgeführten und tatsächlich gebührenpflichtigen Gesprächsverbindungen zählt. Zur Erkennung aller Umstände, die im Fernsprechbetriebe die Gebührenpflicht ausschließen (unrichtige Verbindung, Verbindung mit Dienstanschlüssen zwecks Anmeldung von Störungen, Ferngesprächen oder Telegrammauflieferungen, Verbindung mit Teilnehmern, die den Anruf nicht beantworten oder deren Leitung gestört ist, u. a. m.) ist aber eine gewisse Überlegung erforderlich, die — wenigstens in den weitverbreiteten Vermittlungsanstalten für Handbetrieb — die Mitwirkung der Gehilfinnen bei der Gesprächszählung unentbehrlich macht. Der naheliegende Vorschlag, rein automatisch alle von den einzelnen Sprechstellen ausgehenden Gespräche zu zählen, die von der Gebührenpflicht ausgeschlossen sind, ist aus Fall zu Fall für jede Teilnehmerleitung handschriftlich zu notieren und sie von der Schlußrechnung in Abzug zu bringen, ist aus Betriebserücksichten undurchführbar. Man hat sich daher in neuester Zeit entschlossen, die Forderung rein automatischer Zählung der Ortsgespräche fallen zu lassen, und begnügt sich mit der Einführung halbautomatischer elektrischer Zählwerke. Diese Mechanismen, von denen je einer für jede Anschlußleitung beim Vermittlungsamt aufzustellen ist, werden bei Ausführung der Verbindung selbsttätig in die zum Gespräch verbundene Leitung des anrufenden Teilnehmers eingeschaltet, aber erst durch einen zweckmäßig unmittelbar vor Trennung der gebührenpflichtigen Verbindungen am Arbeitsplatz der bedienenden Gehilfin vorzunehmenden einfachen Handgriff (Tastendruck mit anschließendem elektrischen Stromstoß) fortgeschaltet.

Da heute alle bedeutenderen Spezialfirmen zuverlässige Zählwerke herstellen, die diesen Anforderungen entsprechen, so stehen technische Bedenken der Einführung der halbautomatischen Gesprächszählung nicht mehr entgegen. Die sonstigen für und gegen

¹⁾ E. T. Z., Berlin 1900, S. 181 86.
Blätter, Berlin 1909, S. 70 73.

die Einzelgesprächszählung im Ortsverkehr anzuführenden Gründe aber sind aufs engste mit den Fragen der künftigen Ausgestaltung des Fernsprechgebührentarifs verknüpft. Ich muß darauf im letzten Abschnitt näher eingehen und kann mich hier mit dem Hinweis begnügen, daß die Zählung der Ortsgespräche — sei es handschriftlich oder mit besonderen Mechanismen — seit der Jahrhundertswende in den meisten Verwaltungen Eingang gefunden hat (vgl. die Spalten 5 und 6 der Tarif Tabellen für den Ortsverkehr).

Gewöhnlich wird die Gesprächszählung nach dem zweiten Rothenschen Vorschlag mit der Erhebung einer jährlichen Pauschgebühr — in Deutschland Grundgebühr genannt — derart verbunden, daß in dieser Grundgebühr die allen Teilnehmern gleichmäßig zuzuwendenden Kosten für Herstellung sowie Unterhaltung des Fernsprechanchlusses und der zugehörigen Leitung zum Ansatz kommen, während der an Gesprächsgebühren zu entrichtende Betrag nach der Zahl der von dem Anschluß ausgehenden gebührenpflichtigen Ortsgespräche bemessen wird und dementsprechend je nach dem Grade der Inanspruchnahme des einzelnen Anschlusses großen Schwankungen unterliegt. Die Grundgebühr wiederum pflegt aus den mehrfach erörterten Gründen ansteigend mit der Größe der Ortsnetze gestaffelt zu werden. Daneben bürgert sich neuerdings die Gesprächsgebührenerhebung nach dem ersten Rothenschen Vorschlag ein, wobei von der Einziehung einer besonderen Grundgebühr abgesehen, dafür aber die Gebühr für das einzelne Ortsgespräch entsprechend höher berechnet wird. Zur Vereinfachung der Gebührenerhebung kann man hierbei nach amerikanischem Muster die Teilnehmer von vornherein auf eine bestimmte Anzahl von Ortsverbindungen abonnieren lassen, d. h. gegen Entrichtung einer angemessenen Jahresgebühr ihnen kostenlose Herstellung einer entsprechenden Anzahl von Ortsgesprächsverbindungen zusichern, oder nach österreichischem Muster von Amts wegen die Teilnehmer auf Grund ihrer durch Stichproben festzustellenden Gesprächsfrequenz in bestimmte Tarifklassen einreihen, deren gestaffelte Pauschgebühren dann gleichfalls dem Vielfachen einer angemessenen Einheitsgebühr entsprechen. Welchen Beifall die auf Gesprächszählung gestützte und somit nach dem Grade der Leitungsbenutzung abgestufte Gebührenbemessung beim Publikum gefunden hat, das zeigt am deutlichsten die allenthalben nach Einführung derartiger Ortstarife einsetzende starke Zunahme der Fernsprechanchlüsse.

Während sich hierbei der Kreis der Fernsprechteilnehmer sicht-

lich auf die minder bemittelten Kaufleute und Handwerker ausdehnte, fand der Fernsprecher gleichzeitig Eingang in zahlreiche der Geschäftswelt weniger nahestehende Haushaltungen mit der Einführung der billigen Taxen für Nebenanschlüsse und Gesellschaftsanschlüsse.

Wo die stete Abhängigkeit vom Hauptanschluß für die Beteiligten keinen Hinderungsgrund bildete, da machte man gern von der neuen Möglichkeit Gebrauch, die Privathaushaltung oder gewerbliche Nebenbetriebe mittels Fernsprechnebenanschlusses gegen eine mäßige Jahresgebühr mit dem allgemeinen Fernsprechnetze in Verbindung zu setzen. Obwohl hierbei für Nebenanschlüsse, die nicht auf dem Grundstück des Hauptanschlusses sondern mehr oder weniger entfernt davon einzurichten sind, gewöhnlich ein der Nebenleitungslänge entsprechender Zuschlag zur Jahresgebühr in Anspruch genommen wird, hat doch allenthalben die Zahl der Nebenstellen derart zugenommen, daß die Verwaltungen damit heute nicht mehr auf ihre Kosten kommen. Man bemüht sich daher, die überdies aus den oben erwähnten technischen Gründen für den Betrieb äußerst lästigen Nebenanschlüsse wieder abzustößen und dem Publikum an ihrer Stelle die gleichfalls gegen geringes Entgelt zu mietenden Gesellschaftsanschlüsse zur Verfügung zu stellen. Da die Verwaltungen die Gebühren für Nebenanschlüsse regelmäßig von dem dafür haftbaren Inhaber des Hauptanschlusses einziehen, während sie mit den Gesellschaftsteilnehmern unmittelbar in Verbindung treten, so sichert der Uebergang vom Nebenanschluß zum Gesellschaftsanschluß dem Publikum gleichzeitig bei der Gebührentrennung die Unabhängigkeit von dritten Personen, die — wie z. B. die Hausbesitzer bei Nebenanschlüssen in Mietswohnungen — für ihre Bemühungen von den Inhabern der Nebenstellen nicht selten einen unverhältnismäßig hohen Aufschlag auf den an die Verwaltung abzuführenden Gebührenbetrag in Anspruch nehmen. Verwaltungsseitig erfolgt die Gebührenberechnung für Neben- und Gesellschaftsanschlüsse nach den jeweilig für die Tarifierung der Fernsprechhauptanschlüsse üblichen Normen.

Eine Sonderstellung nehmen im Tarifwesen für den Ortsverkehr endlich die sogenannten öffentlichen Fernsprechstellen ein, die vor allem den seltener vom Fernsprecher Gebrauch machenden, an das Fernsprechnetze nicht angeschlossenen Personen den Sprechverkehr mit den Ortsteilnehmern sowohl wie mit den Sprechstellen anderer Ortsfernsprechnetze ermöglichen sollen. Man bietet dem Publikum derartige Sprechgelegenheit entweder in den Diensträumen

der weitverbreiteten Post- und Telegraphenanstalten, deren Schalterbeamte alsdann die in gewöhnlicher Art ausgeführten Sprechstellen überwachen und die Gesprächsgebühren entgegennehmen, oder man errichtet in belebten Geschäftshäusern, auf Bahnhöfen, auch wohl in besonderen Kiosken an öffentlichen Straßen und Plätzen Sprechstellen ohne Beamtenbedienung, bei denen die Gebührenvereinnahmung automatisch von der Fernsprechzentrale aus kontrolliert wird. Öffentliche Sprechstellen der letztgenannten Art finden sich besonders zahlreich in den skandinavischen Städten, wo sie sich eines lebhaften Zuspruchs erfreuen und dem Fremden einen beredten Beweis für die Beliebtheit des dort weiten Kreisen unentbehrlichen Verkehrsmittels liefern. Für die von der öffentlichen Sprechstelle aus abzuwickelnden Ortsgespräche werden allenthalben Einzelgebühren erhoben; als Einheitssatz gilt dabei gewöhnlich das Doppelte der Gebühr, die den gegen Gesprächszählung angeschlossenen Teilnehmern für Ortsgespräche berechnet wird. Soweit von den öffentlichen Sprechstellen aus Ferngespräche geführt werden können, kommen hierfür die allgemein üblichen Taxen zur Erhebung.

b) Fernverkehr.

Die zweckmäßige Ausgestaltung des Fernsprechgebührentarifs für den Fernverkehr stellte die Verwaltungen vor noch schwierigere Aufgaben als der Ortsverkehr. Unaufhörlich stiegen bald nach der Inbetriebnahme der ersten Fernleitungen die Anforderungen an die technische Leistungsfähigkeit der kostspieligen Leitungen und Apparate, immer neue Verbindungen wünschten die Vertreter von Handel und Industrie, die den unschätzbaren Wert des telephonischen Fernverkehrs bald erkannten, immer größere Entfernungen galt es zu überbrücken, gleichviel ob Meere oder Landesgrenzen sich dem Vordringen des neuen Verkehrsmittels entgegenstellten. Ungeachtet dieser vielseitigen, noch immer sichtbar steigenden Ansprüche sollte mit mäßigen Ferngebühren noch eine annehmbare Rentabilität des Fernleitungsnetzes erzielt werden.

Demgegenüber mutet es uns fast als unmöglich an, daß man in Luxemburg noch heute die Fernleitungen innerhalb der Landesgrenzen den Fernsprechteilnehmern für Ferngespräche mit anderen Teilnehmern unbeschränkt und unentgeltlich zur Verfügung stellt. In der Tat steht Luxemburg mit diesem Vorgehen einzig da, abgesehen von den kleineren dänischen Inselnetzen und von dem gleich-

artigen, aber binnen kurzem kläglich gescheiterten Versuch des bei Erörterung der genossenschaftlichen Organisationsform erwähnten Interessentenverbandes in Finnland.¹⁾

Ebenso unhaltbar erwies sich der u. a. auch in Deutschland erprobte Versuch, das Fernleitungsnetz den Ortsfernsprechteilnehmern gegen Entrichtung einer erhöhten Jahresabonnementsgebühr unbeschränkt zur Verfügung zu stellen.²⁾ Die Fernleitungen wurden bei diesem Verfahren während der Geschäftsstunden bald vollständig von den größeren kaufmännischen und industriellen Unternehmungen mit Beschlag belegt, ohne daß dieser lebhafte Verkehr auch nur entfernt eine Rentabilität der Anlagen ermöglichte. Wir finden die letzten Reste dieses Tarifsystems in den großen Netzen der Kopenhagener und Stockholmer Fernsprechzentralen, im Nachbarorts- und Vorortsverkehr sowie in einigen Bezirksnetzen, deren Teilnehmer gegen Entrichtung einer erhöhten Jahresgebühr zum unbeschränkten Fernverkehr auf den die Anstalten des Bezirks verbindenden Fernleitungen zugelassen sind.

Schließlich drängte die Entwicklung auch auf dem Gebiete des Fernverkehrs unaufhaltsam zur Einzelberechnung der Ferngespräche, die heute fast allgemein durchgeführt ist. Da im Gegensatz zum Ortsverkehr hier nicht jedem Teilnehmer eine besondere Leitung geboten werden kann, vielmehr für alle Teilnehmer am Fernverkehr nur eine beschränkte Anzahl von Fernleitungen zur Verfügung steht, so ergab sich von selbst als erster Maßstab für die Gebührenssetzung die Dauer der Leitungsbénutzung. Demgemäß wählte man als Zeiteinheit für das einfache Ferngespräch anfänglich 5, später (nach den Beschlüssen des 1890 in Paris abgehaltenen internationalen Telegraphenkongresses³⁾) meist 3 Minuten, eine Zeitspanne, die — rechtzeitiges Erscheinen der Beteiligten am Apparat vorausgesetzt — erfahrungsgemäß zur Erledigung privater oder geschäftlicher Mitteilungen am Fernsprecher ausreicht.

Solange die Zahl der verfügbaren Fernleitungen sich in engen Grenzen hält, genügt es, für ein Ferngespräch von 3 bzw. 5 Minuten Dauer allgemein eine Einheitsgebühr festzusetzen, gleichviel über welche Leitungen und auf welche Entfernungen das Gespräch abgewickelt wird. Die fortschreitende Verdichtung des Fernleitungsnetzes

¹⁾ Vgl. S. 49.

²⁾ Journal 1886, S. 215.

³⁾ Artikel LXVII, Punkt 4 des Reglements vom 21. Juni 1890 (Journal 1890 S. 207).

in den verkehrsreicheren Staaten macht zur Erleichterung des Nahverkehrs und zur Entlastung der großen Fernverbindungen eine Staffe-
lung der Gebühren nach der Entfernung der zum Gespräch verbundenen Orte dringend erforderlich.

Es führt nun zu einer unnötigen Erschwerung der Gebührenberechnung, wenn in jedem Falle die wirkliche Länge der den Sprechenden zur Verfügung gestellten Fernleitung zugrunde gelegt wird. Besser gedient wird den Interessen des Publikums und der Verwaltungen bei Anwendung eines Zonentarifs, der jedem Ort Entfernungszonen in Form konzentrischer Kreise zuteilt und für die Gebührenberechnung die Luftlinie an Stelle der durchschnittlich um 20 % größeren Leitungslänge ¹⁾ berücksichtigt.

Bei angemessener Staffe-
lung der Gebührensätze können die Verwaltungen jetzt auch im Fernverkehr auf ihre Kosten kommen, zumal da ihnen bei den sogenannten dringenden Ferngesprächen ein nicht zu unterschätzender Gebühreinzuschlag zufließt, ohne daß den Anstalten durch die Ausführung dieser dringenden Gesprächsverbindungen Mehrkosten erwachsen. Indem man nämlich als drittes Moment die Dringlichkeit des Sprechbedürfnisses bei der Tarifierung der Ferngespräche berücksichtigte, schuf man für besonders eilige Fälle dem Publikum die Möglichkeit, dem gewünschten Gespräch den Vorrang vor allen im gegebenen Augenblick bereits vorliegenden und in gleicher Richtung abzuwickelnden gewöhnlichen Ferngesprächsanmeldungen zu sichern. Da im Geschäftsleben ein zur rechten Zeit erledigtes Ferngespräch den Beteiligten reichen Gewinn bringen kann, während dieselbe Verbindung kurze Zeit darauf vielleicht wertlos ist, sei es, daß die Börsenzeit verstrichen oder der Anzurufende dann nicht mehr anzutreffen ist, so wird während der Hauptgeschäftsstunden von den dringenden Gesprächsverbindungen besonders im Börsenverkehr ausgiebiger Gebrauch gemacht. Es erscheint nicht unbillig, daß für solche mit Vorrang zu erledigenden Ferngespräche die dreifache, oder — wie in Dänemark, Holland, Rumänien und Schweden — wenigstens die doppelte Taxe in Anspruch genommen wird. Dem hiergegen oft erhobenen Einwand, daß der Geschäftswelt durch angemessene Vermehrung der Fernleitungen dieses Opfer wohl erspart werden könne, ist leicht mit dem Hinweis darauf zu begegnen, daß der dringende Verkehr erfahrungsgemäß nur während einzelner Tages-

¹⁾ Drucksachen des Deutschen Reichstages, 10. Legislaturperiode, I. Session, 1898/99, 6. Band, Nr. 387, S. 11.

stunden und vorwiegend in den langen Fernleitungen eintritt, die aus wirtschaftlichen Gründen nicht vermehrt werden können, nur um für diese regelmäßig schnell vorübergehende Mehrbelastung einen Absatz weg zu schaffen.

Neben der erhöhten Taxe für dringende Ferngespräche haben einzelne Verwaltungen einen Gebühreennachlaß für solche Ferngespräche eingeführt, die während der ausgesprochen verkehrsschwachen Tagesstunden, in der Nachtzeit oder im Abonnement täglich zur selben Stunde abgewickelt werden. Man bemüht sich auf diese Weise, den Sprechverkehr in den Fernleitungen gleichmäßiger auf die einzelnen Tagesstunden zu verteilen und damit eine bessere Ausnutzung der in den verkehrsschwachen Stunden sowohl wie während der Nacht größtenteils gänzlich brach liegenden Betriebsmittel herbeizuführen. In Umkehrung des bei dringenden Verbindungen üblichen Verfahrens wird für Abonnementsgespräche während der Nachtzeit oder zu ein für allemal vereinbarter Tagesstunde gewöhnlich doppelte Sprechzeit gegen die einfache Taxe gewährt.

Neben den erwähnten Gebühren für den Orts- und Fernverkehr weisen die Fernsprechgebührentarife des In- und Auslandes in der Regel noch eine große Zahl von Nebengebühren auf, die für das Zusprechen von Telegrammen oder brieflichen Mitteilungen, für das Herbeirufen von Personen nach öffentlichen Sprechstellen, für Miete oder Ankauf besonderer Apparate, für die Verlegung der Sprechstellen in andere Räume, für besondere Eintragungen ins Verzeichnis der Fernsprechteilnehmer u. a. m. erhoben werden. Da diese Leistungen mit dem eigentlichen Sprechverkehr nur mittelbar im Zusammenhang stehen, auch die Literatur kein vollständiges Material für eine vergleichende Darstellung solcher Taxen bietet, so sind die Gebühren für besondere Leistungen in den folgenden Ausführungen und in der tabellarischen Übersicht unberücksichtigt geblieben.

§ 14.

Chronologische Entwicklung der Gebührentarife in tabellarischer Übersicht.

Nach dieser summarischen Skizzierung der typischen Gebührenformen werden die am Schluß dieses Bandes folgenden Tariftabellen einer weiteren Erläuterung nicht bedürfen. Sie umfassen die chronologische Entwicklung der Gebührentarife aller europäischen Staaten

mit öffentlichem Fernsprechdienst und sind vom Verfasser zusammengestellt worden auf Grund der seit 1878 vom Internationalen Bureau der Telegraphenverwaltungen zu Bern im Journal télégraphique veröffentlichten Verwaltungsberichte. Ergänzt wurden diese Auszüge teils an der Hand der fremdländischen Originaltarife, teils auf Grund der jeweilig am Fuße angegebenen Spezialliteratur des In- und Auslandes.*)

§ 15.

Fernsprechstatistik über die Verkehrsentwicklung und das Finanzergebnis.

Die in den Tabellen zusammengestellten Tarife geben ungeachtet der Fülle des darin enthaltenen Materials noch kein klares Bild von der Entwicklung und den ökonomischen Verhältnissen des Fernsprechwesens in den verschiedenen Ländern. Bevor daher aus der Tarifentwicklung Schlußfolgerungen für die zweckmäßige Ausgestaltung der bestehenden Fernsprechgebührentarife gezogen werden können, gilt es, an der Hand der amtlichen Fernsprechstatistik noch die Wirkung der Tarife auf die Entwicklung des Fernsprechverkehrs in den einzelnen Ländern nachzuweisen. Für diese Zwecke brauchbares, d. h. nach einheitlichen Gesichtspunkten zusammengestelltes amtliches Material ist leider erst seit dem Jahre 1885 vorhanden. Wie aus den Angaben am Fuße der Tariftabellen ersichtlich ist, ruhte bis dahin der Fernsprechbetrieb Europas ganz überwiegend in den Händen von Privatgesellschaften, denen wenig daran gelegen war, weiteren Kreisen Einblick in ihren Geschäftsbetrieb zu gewähren. Aus diesem Grunde können die ersten von dem Pariser „Bulletin international de l'Electricité“ in regelmäßiger Wiederkehr veröffentlichten Zahlen über die Entwicklung des Fernsprechwesens im Auslande hier nicht in Frage kommen.

Der verdienstvolle Schweizer Dr. Timotheus Rothen schuf auch auf diesem Gebiete Wandel. Er bezeichnete in seinen mit großem Beifall aufgenommenen „Studien über das Fernsprechwesen“¹⁾ die regelmäßige Veröffentlichung statistischer Daten über die Entwicklung des internationalen Fernsprechverkehrs als dringend er-

*) Die Tariftabellen sind ebenso wie die zu § 15 gehörenden statistischen Tabellen (Anlage 1 und 2) wegen ihres Umfangs lediglich in die unter gleichem Titel bei Gustav Fischer in Jena erschienene Buchhandelsausgabe aufgenommen worden.

¹⁾ Journal. Jahrgang 1886—1888.

wünscht ¹⁾ und gab dazu die Anregung, daß seither — erstmalig 1886 für das Jahr 1885 ²⁾ — alljährlich ein nach seinen Vorschlägen entworfener Fragebogen von Bern aus allen Fernsprechverwaltungen des Welttelegraphenvereins übersandt wird. Die Ergebnisse dieser Erhebung werden vom Internationalen Bureau der Telegraphenverwaltungen in Bern als „Allgemeine Fernsprechstatistik auf Grund amtlichen Materials“ regelmäßig in der Vereinszeitschrift, dem *Journal télégraphique*, veröffentlicht. Dieser Quelle entstammen die Hauptdaten der als Anlage 1 folgenden „Statistik über die Entwicklung des europäischen Fernsprechwesens in den Jahren 1885 bis 1907“.*) Ihre Lücken sind darauf zurückzuführen, daß einzelne Verwaltungen den Fragebogen gar nicht oder unvollständig ausgefüllt haben. Die unzulänglichen Angaben über das Finanzergebnis erklären sich daraus, daß in den Ländern mit staatlicher Verwaltung über den meist von denselben Beamten gleichzeitig wahrgenommenen Telegraphen- und Fernsprechbetrieb in der Regel gemeinsame Rechnung gelegt wird und demgemäß höchstens über die Gebühreneinnahmen aus den einzelnen Betriebszweigen gesonderte Angaben gemacht werden können. Da die auf diesem Wege gewonnenen absoluten Zahlen für volkswirtschaftliche Untersuchungen und Vergleiche sich noch wenig eignen, habe ich sie nach den Grundsätzen der Bevölkerungsstatistik noch zur bewohnbaren Fläche der einzelnen Ländergebiete und zur jeweiligen Einwohnerzahl in Beziehung gebracht.³ Ergänzt durch diese Verhältniszahlen bietet die Statistik nunmehr eine zwar noch lückenhafte, aber immerhin schon brauchbare Grundlage zur Beurteilung der Tarifverhältnisse und ihrer Einwirkung auf die Entwicklung des Fernsprechverkehrs.⁴⁾

¹⁾ *Journal* 1886, S. 45/46.

²⁾ *Journal* 1887, S. 121.

^{*)} Vgl. Anm. S. 71.

³⁾ Die Bevölkerungsziffern und die Angaben über die Flächenausdehnung der einzelnen Staaten sind im allgemeinen entnommen der alljährlich vom Reichs-Postamt veröffentlichten „Statistik der Deutschen Reichs-Post- und Telegraphenverwaltung“. Kontrolliert und ergänzt wurden diese Daten an der Hand der gleichartigen Angaben

a) in J. Conrad, *Grundriß, Statistik*, 2. Aufl., Jena 1902, G. Fischer S. 66 und

b) in den *Jahrbüchern für Nationalökonomie und Statistik*, III. Folge, 35. Band, Jena 1908, G. Fischer, S. 115/17.

⁴⁾ Die Angaben der amtlichen Statistik über die Gesamtlänge der Fernsprechlinien und -Leitungen in den einzelnen Staaten sind unberücksichtigt gelassen, weil diese Daten sich mit dem Ausbau der Netze zum Doppelleiter...

Ordnet man, um nur eine Zahlenreihe herauszuheben, die Staaten nach der letzten, für 1907 berechneten Zahl der auf eine Sprechstelle entfallenden Einwohner, so ergibt sich die nachstehende Reihenfolge, die recht anschaulich die gegenwärtige Ausbreitung des Fernsprechnetzes in den einzelnen Ländern Europas erkennen läßt:

1. Dänemark	mit 1 Sprechstelle auf	36 Einwohner,
2. Schweden	" 1 " "	39 ¹⁾ " ,
3. Norwegen	" 1 " "	48 " ,
4. Schweiz	" 1 " "	51 " ,
5. Deutschland	" 1 " "	78 " ,
6. Großbritannien . . .	" 1 " "	79 " ,
7. Luxemburg	" 1 " "	84 " ,
8. Niederlande	" 1 " "	130 " ,
9. Belgien	" 1 " "	214 " ,
10. Frankreich	" 1 " "	220 " ,
11. Österreich	" 1 " "	379 " ,
12. Ungarn	" 1 " "	499 " ,
13. Rumänien	" 1 " "	646 " ,
14. Italien	" 1 " "	771 " ,
15. Spanien	" 1 " "	1007 " ,
16. europ. Rußland . . .	" 1 " "	1074 " ,
17. Serbien	" 1 " "	1902 " ,
18. Griechenland	" 1 " "	1906 " ,
19. Bulgarien	" 1 " "	3087 " ,
20. Bosnien-Herzegowina	" 1 " "	4259 " .

Für Portugal fehlen in der amtlichen Fernsprechstatistik die erforderlichen Zahlenangaben; Montenegro und die Türkei besitzen noch keinen öffentlichen Fernsprechdienst.

betrieb fortgesetzt verschoben und für einen Vergleich der Verkehrsverhältnisse keine geeignete Unterlage bieten. Einen Anhalt für die Größenordnung der hierbei in Frage kommenden Zahlen gibt die als Anlage 2 folgende „Statistik über die Entwicklung des Fernsprechwesens im Reichs-Postgebiet (1885—1907).“

¹⁾ Verhältniszahl nach dem Stande von 1906, da die allgemeine Fernsprechstatistik für 1907 keine neueren Angaben über das schwedische Fernsprechwesen enthält.

IV. Die zweckmäßige Gestaltung der europäischen Fernsprechgebührentarife.

§ 16.

Wert vergleichender Tarifstatistiken.

Bei all ihrer sonstigen Vielgestaltigkeit beweisen die statistischen Ergebnisse übereinstimmend, daß der Fernsprechverkehr aller in die Zusammenstellung einbezogenen Staaten in lebhaftem Aufschwung begriffen ist. Der Rückgang der Ortsgesprächszahl in Österreich¹⁾ erklärt sich aus der Einführung der periodischen Gesprächszählung; er ist unter dem auf Seite 61 erläuterten Gesichtspunkt nicht als eine Verkehrsanhäufung zu beklagen, sondern als ein höchst erwünschter Erfolg der auf Eindämmung des überflüssigen Sprechverkehrs gerichteten Bestrebungen zu begreifen. Im übrigen kann aus dem allent-
saßen nach Hunderttausenden oder Millionen sich beziffernden jährlichen Verkehrsverwachs geschlossen werden, daß es den einzelnen Staaten mit mehr oder weniger glücklichem Erfolg gelungen ist, ihre Tarifsysteme dem Verkehrsertrags anzupassen.²⁾

Nun betont allerdings der österreichische Generalpostdirektor Dr. v. Wagner-Jauregg³⁾ mit Recht, daß von Tarifsystemen im eigentlichen Sinn auf dem Gebiet des Fernsprechgebührenwesens erst in neuester Zeit gesprochen werden kann, da die älteren Tarifbestimmungen meist lediglich in der kritiklosen Anwendung von

¹⁾ Z. f. v. M. München 1909, S. 76.

²⁾ In vielen Fällen läßt allerdings das erzielte Finanzergebnis noch zu wünschen übrig, wiewohl die flüchtigen Angaben der Fernsprechstatistik auch in dieser Beziehung eine Schlußfolgerung gestatten.

³⁾ Z. f. S. u., München 1907, S. 89.

Normen bestanden, die lange vor der Entwicklung des städtischen Telephonwesens unter ganz anderen Voraussetzungen erlassen worden sind und wesentlich andere Verkehrsbedürfnisse im Auge hatten. Weit verbreitet ist ferner die Anschauung, daß Vergleiche zwischen den Gebührentarifen verschiedener Länder wegen der unausbleiblichen Unterschiede im Geldwert und in den sonstigen Wirtschaftsverhältnissen von zweifelhaftem Wert sind.¹⁾ Gegenüber diesen Einwänden ist hervorzuheben, daß in den drei Jahrzehnten seit Einführung des öffentlichen Fernsprechdienstes alle Staaten bei Aufstellung eigener oder Begutachtung privater Fernsprechgebührentarife sich zweifellos von dem Bestreben haben leiten lassen, dem für das gesamte Wirtschaftsleben unentbehrlichen Verkehrsmittel eine möglichst allgemeine Verbreitung zu sichern. Dabei konnte es aber nicht ausbleiben, daß gewisse allgemeingültige Erfahrungen und Tendenzen sich herausbildeten, die sich im Lauf der Jahre bewährt haben und deren Beachtung allenthalben gleichen Nutzen verspricht. Diese allgemeingültigen und darum für die zweckmäßige Ausgestaltung der bestehenden Fernsprechgebührentarife maßgebenden Momente sollen zum Abschluß der vorliegenden Arbeit behandelt werden. Als Ergebnisse der Praxis scheinen sie mir eine willkommene Ergänzung zu den allgemeinen Grundlehren der Volkswirtschaft über die Preisbildung im Verkehrswesen zu bieten, die am Ende des ersten Abschnitts kurz skizziert worden sind. Wie auf allen Gebieten der Volkswirtschaftspolitik müssen auch hier Theorie und Praxis sich die Hand reichen, damit die Tarifentwürfe den Anforderungen des technischen Dienstes genügen und der von ihnen geschaffene Verkehr sich ohne schwerwiegende Lasten für die Verwaltung und die Allgemeinheit bewältigen läßt.

Diese Erwägungen führen zu einem für den Orts- und Fernverkehr gleich wichtigen Teil der Tarifpolitik, zu den sogenannten Rentabilitätsfragen. Leider ist hierüber, soweit europäische Verhältnisse in Frage kommen, bisher nur sehr wenig authentisches Material veröffentlicht worden. Eine eingehende Behandlung der einschlägigen Fragen ist auf Grund dieses Materials nicht möglich; sie würde auch weit über den Rahmen der vorliegenden Arbeit hinaus-

¹⁾ Finanzarchiv 1906, Bd. I, S. 163.

Archiv, Berlin 1906, S. 478.

O. Fuhrmann, Die Bedeutung des lokalen Nachrichtenverkehrs für das wirtschaftliche Leben, Berlin 1909, E. Ebering, S. 67.

führen. Ich kann hier nur in großen Zügen die für die Kalkulierung der Fernsprechgebührentarife maßgebenden Grundsätze erörtern und beginne mit den Rentabilitätsberechnungen für den Ortsverkehr.

§ 17.

Tariffbildung im Ortsverkehr.

a) Rentabilitätsverhältnisse.

Man unterscheidet hier zwischen den Kosten

- a) für die Herstellung der technischen Einrichtungen.
- b) für deren Instandhaltung und
- c) für die Wahrnehmung des Fernsprechvermittlungsdienstes.

Zu a. Die Zusammensetzung der Kosten für die technischen Betriebsmittel und deren Abhängigkeit von den Fortschritten der Technik sind bei Erörterung der grundlegenden technischen Frage ausführlich dargelegt worden. Die Höhe der hierfür anzusetzenden Kostenbeträge unterliegt großen Schwankungen je nach dem Geldwert in den einzelnen Ländern, nach der Güte des verwendeten Materials und nach den börsenmäßigen Metallpreisen, wobei ich nun an die beträchtlichen Verschiebungen der Kupferpreise im letzten Jahrzehnt zu erinnern brauche.¹⁾ Zu den einmaligen Kosten für die Beschaffung der Vermittlungseinrichtungen, Apparate, Batterien und Leitungen treten die fortlaufenden Aufwendungen für Abschreibungen zur Tilgung des darin angelegten Kapitals und für die Verzinsung dieses Kapitals nach dem landesüblichen Zinsfuß für Staatspapiere. Im allgemeinen werden jährlich 10 bis 12 % des Anlagekapitals für die Amortisierung und Verzinsung erforderlich sein.

Zu b. Die Kosten für die Unterhaltung der technischen Einrichtung setzen sich zusammen aus den Aufwendungen für die Fehlerbeseitigung sowie für die Instandhaltung der Linien, Leitungen, Apparate und Batterien. Hierfür werden jährlich 5 % des in den technischen Einrichtungen angelegten Kapitals ausreichen, so daß für Amortisation, Verzinsung und Unterhaltung (a und b) jährlich insgesamt 15 bis 17 % der Anlagekosten erforderlich sind.

In seiner unlängst erschienenen Arbeit „Technische Grundlagen und wirtschaftliche Bedeutung des halbautomatischen Betriebes in Stadt- und Land-Fernsprechnetzen“²⁾ veröffentlicht Steidle inter-

¹⁾ V. Z., Berlin 1909, S. 321, 23.

²⁾ München 1902, bei Ernst Reinhardt.

essante Angaben über den Kostenaufwand für Herstellung und Unterhaltung der technischen Einrichtungen. Diese Zahlen sind für bayrische Verhältnisse berechnet, aber wohl geeignet, einen Anhalt für die durchschnittliche Höhe der in den Nachbarländern hierfür aufzuwendenden Beträge zu geben. Danach betragen:

1. die anteiligen Kosten einer mit Vielfachumschaltern zu Handbetrieb ausgerüsteten modernen Amtseinrichtung für jede zum Betrieb eingeführte Hauptanschlußleitung¹⁾ einmalig durchschnittlich . . . 50 M;
2. die Kosten eines einzelnen Arbeitsplatzes für den Ortsverkehr in einem derartigen Vermittlungsamt²⁾
 - a) einmalig (einschließlich der von vornherein vorzusehenden Reserveausrüstung). 12 400 M,
 - b) fortlaufend:
 - α) für Verzinsung und Abschreibung 1 500 M
 - β) für Unterhaltung 450 „
 - γ) für Miete, Beleuchtung und Heizung 400 „
 - δ) für Bedienung der Teilnehmer 2 200 „
 - ε) für den Aufsichtsdienst (anteilig) 220 „

zusammen jährlich: 4 770 M;
3. die Anlagekosten für 1 km³⁾
 - a) Kabeldoppelader (Hauptstrang) 130 M,
 - b) oberirdische Schleifleitung aus 1,5 mm starkem Bronzedraht 260 M;
4. die Gesamtkosten für 1 km Anschlußdoppelleitung (einschl. der anteiligen Aufwendungen für die von vornherein in den Linienzügen herzustellenden Reserveleitungen)⁴⁾

	im Kabel:	oberirdisch:
a) einmalig	194,50 M	389,00 M,
b) fortlaufend		
α) für Verzinsung und Abschreibung	10,70 M	21,40 M
β) für Unterhaltung	0,80 „	18,60 „
zusammen jährlich:	11,50 M,	40,00 M;

¹⁾ Steidle, a. a. O., S. 28.

²⁾ Steidle, a. a. O., S. 55, Zahlentafel 1.

³⁾ Steidle, a. a. O., S. 29.

⁴⁾ Steidle, a. a. O., S. 56, Zahlentafel 4.

5. die Kosten einer Hauptanschluß-Sprechstelle neuester Bauart für Z B.-Betrieb:¹⁾

a) einmalig:

α) für den Teilnehmerapparat	30,00 M
β) für den Gesprächszähler im Amt	12,00 „
γ) für die Montierung	20,00 „
zusammen (einschl. eines Verwaltungszuschlags von rd. 9 M.)	71,00 M.

b) fortlaufend:

α) für Verzinsung und Abschreibung	8,60 M
β) für Unterhaltung	5,50 „
γ) für die elektrische Energie (anteilig)	0,80 „
zusammen jährlich rd.:	15,00 M.

Die vorstehenden Zahlen sind unter der Annahme des heute noch am weitesten verbreiteten Handvermittlungsdienstes aufgestellt. In Ortsnetzen bis zu 10 000 Teilnehmern mit automatischem Selbstanschlußbetrieb erhöhen sich die Anschaffungskosten für die Teilnehmer-sprechstellen und die Vermittlungseinrichtung etwa um das Doppelte.²⁾

Zur Ergänzung der Steidleschen Zahlen bringe ich in der Anlage 4 noch einige im Januar 1908 von Hellrigl für österreichische Verhältnisse berechnete Angaben³⁾ über die durchschnittliche Leitungslänge, die durchschnittlichen Leitungskosten für den einzelnen Hauptanschluß sowie die anteiligen Kosten der Vermittlungseinrichtung und des Vermittlungsdienstes in Ortsnetzen verschiedenen Umfangs.

Zu c. Noch größeren Schwankungen als die vorerwähnten Kosten der technischen Einrichtung unterliegen in den verschiedenen Staaten die Aufwendungen für den Vermittlungsdienst. Es erhielten beispielsweise — um nur einen Vergleich anzuführen — im Jahre 1908 die Fernsprechgehilfinnen

a) der Deutschen Reichs-Telegraphenverwaltung,⁴⁾

b) der Kopenhagener Fernsprech-Aktiengesellschaft⁵⁾

unter annähernd gleichen Dienst- und Urlaubsverhältnissen

¹⁾ Steidle, a. a. O., S. 58, Zahlentafel 9.

²⁾ H. C. Steidle, Tarif und Technik des staatlichen Fernsprechwesens. München 1906, R. Oldenbourg, S. 1 (Bemerkungen zu dem Betriebskostendiagramm).

³⁾ E. u. M., Wien 1908, S. 52.

⁴⁾ Unter Berücksichtigung der durch das Besoldungsgesetz v. 15. Juli 1909 (Reichsgesetzblatt Nr. 38 für 1909, S. 588 u. 627) und durch Verfügung des Reichs-

	zu a	zu b
im ersten Dienstjahre monatlich	82,50 M,	Stundenlohn von
„ zweiten „ „	87,00 „ ,	20 Öre = 23 Pf.,
„ dritten „ „	91,50 „ ,	40 Kr = 45,10 M,
„ vierten „ „	96,00 „ ,	40 „ = 45,10 „ ,
„ fünften „ „	100,50 „ ,	50 „ = 56,40 „ ,
„ sechsten „ „	105,00 „ ,	50 „ = 56,40 „ ,
„ siebenten „ „	109,50 „ ,	60 „ = 67,65 „ ,
„ achten und neunten „ „	114,00 „ ;	60 „ = 67,65 „ .

Noch größer wird der Unterschied in der Besoldung während folgenden Dienstjahre. In Deutschland steht den alsdann etatsmäßig angestellten Gehilfinnen neben dem Wohnungsgeld von jährlich durchschnittlich 378 M ein Jahresgehalt zu, der in 5 Stufen und dreijährigen Fristen von 1300 bis 1800 M ansteigt; das Höchsteinkommen Beträge von durchschnittlich 2178 M wird von allen so lange im Dienst verbleibenden Gehilfinnen nach 21 Dienstjahren erreicht. In Kopenhagen bezieht dagegen das Vermittlungspersonal nach 18 Jahren Höchsteinkommen von 1020 Kr = 1376 M; nur wenige Gehilfinnen rücken in die besser dotierten Aufsichtsstellen ein, deren Höchstgehälter im übrigen immer noch hinter dem Höchsteinkommen des deutschen Personals zurückbleiben. Die den Gehilfinnen der Kopenhagener Gesellschaft zugänglichen Fleißprämien und Sonderzüge für Überstunden und Nachtdienst werden ausgeglichen durch die zur Bildung des Pensionsfonds sowie in eine Hilfskasse abzuführenden Pflichtbeiträge; sie vermögen den großen Unterschied im Einkommen der dänischen und deutschen Gehilfinnen also nicht auszugleichen.

Ich habe diese Daten etwas ausführlicher wiedergegeben, weil sie besonders deutlich zeigen, wie großen Schwankungen gerade die Kosten des Vermittlungsdienstes unterliegen; bezüglich weiterer Angaben über die Beschäftigungs- und Einkommensverhältnisse des von fremden Verwaltungen zum Fernsprechkdienst herangezogenen üblichen Personals verweise ich auf die vom Journal télégraphique den Jahrgängen 1899 und 1900 veröffentlichten und in das deutsche

stammt vom 1. August 1909 (Amtsblatt des Reichs-Postamts, Nr. 54 für 1909, 221) rückwirkend für 1908 erfolgten Neuregelung.

²⁾ Die Angaben entstammen den im August 1908 bei einem Besuch der Kopenhagener Fernsprechkzentrale mir ausgehändigten Reglements.

Archiv für Post und Telegraphie vom Jahre 1900¹⁾ im Auszuge übernommenen Ergebnisse einer Rundfrage. Wie daraus ersichtlich, sprechen die staatlichen Verwaltungen dem Vermittlungspersonal fast durchgängig die Pensionsberechtigung zu; es muß also bei Bemessung der Personalkosten neben den laufenden Aufwendungen auch auf die Schaffung eines Fonds für die Zahlung der Ruhegehälter Bedacht genommen werden.

Die Bedeutung der Kosten des Vermittlungspersonals im Rahmen der sonstigen Aufwendungen zeigt endlich eine im Jahre 1906 vom Hofrat Barth von Wehrenalp für österreichische Verhältnisse aufgestellte Tabelle,²⁾ die ich in der Anlage 5 wiedergebe. Bei Verwendung der Zahlen als Vergleichsmaßstab bleibt zu beachten, daß die Kosten der Sprechstellen und Leitungen sowie die Aufwendungen für Beleuchtung, elektrische Energie und allgemeine Verwaltung darin nicht berücksichtigt sind. Die in der letzten Spalte der Tabelle zusammengestellten Verhältniszahlen über die in Netzen verschiedenen Umfangs jährlich auf einen Hauptanschluß entfallenden Kosten lassen erkennen, daß der Selbstanschlußbetrieb erst in Netzen von 10000 und mehr Anschlüssen größere wirtschaftliche Vorteile bietet. In solchen Riesenetzen würde es also am ehesten möglich sein, die Personalkosten durch Einführung der Maschinenarbeit³⁾ auf das Mindestmaß herabzudrücken. Solange aber die beim Übergang zum automatischen Betrieb ihre Beschäftigung verlierenden weiblichen Beamtenkräfte nicht — wie in Österreich — in anderen Zweigen des Staatsdienstes untergebracht werden können, hat es bei der heutigen Bedeutung der Existenzfrage doch vom sozialen Standpunkte aus seine Bedenken, durch Einführung des Selbstanschlußbetriebs gerade in den Großstädten einer Erwerbsmöglichkeit zu beseitigen, die heute vielen zur Existenz verhilft.⁴⁾ Man wird mit dem Faktor der stetig answachsenden Personalkosten somit wohl noch auf absehbare Zeit zu rechnen haben.

b) Richtlinien für die Tarifgestaltung.

Die Aufgabe der Tarifpolitik ist es nun, sorgsam abzuwägen, wie die unter a bis c aufgeführten Selbstkosten der Verwaltung unter

¹⁾ Archiv, Berlin 1900, S. 543,49 und 585,95.

²⁾ E. u. M., Wien 1906, S. 564.

³⁾ Vgl. Anm. 4 S. 27.

⁴⁾ H. C. Steidle, Technische Grundlagen und wirtschaftliche Bedeutung des halbautomatischen Betriebes in Stadt- und Land-Fernsprechnetzen, München: 1909, E. Reinhardt, S. 43.

Ausnutzung aller technischen Fortschritte sich auf das Mindestmaß herabdrücken lassen, ohne die Betriebssicherheit zu gefährden, und wie andererseits, die hiernach auf jeden Anschluß entfallenden Durchschnittskosten und fortlaufenden Aufwendungen in Gestalt der Anschlußgebühren von den Teilnehmern an den öffentlichen Fernsprechnetzen unter möglichst gerechter Verteilung wieder eingezogen werden können. Hierbei fallen, wie bereits erwähnt, die vorstehend unter a und b aufgeführten Kosten für Hergabe und Instandhaltung der technischen Einrichtung — in der Literatur gewöhnlich als Strecken- und Stationskosten bezeichnet — allen Teilnehmern eines und desselben Ortsnetzes ziemlich gleichmäßig zur Last; sie wachsen, wie die Zahlen von Barth und Hellrigl zeigen, mit der Zahl der an die Ortsnetze angeschlossenen Teilnehmer beträchtlich an, wobei die Kosten der Vermittlungseinrichtung den Ausschlag geben. Großen Schwankungen unterliegt dagegen, entsprechend der mehr oder weniger starken Inanspruchnahme der Sprechstellen, auch innerhalb der einzelnen Ortsnetze der auf die Wahrnehmung des Vermittlungsdienstes entfallende, oben unter c behandelte Kostenanteil. Da nun der durch die Herstellung einer einzelnen Verbindung tatsächlich verursachte Kostenaufwand durchschnittlich nur 1 Pfg. beträgt,¹⁾ so könnte es als überflüssig erscheinen, dem veränderlichen Faktor c besondere Bedeutung beizulegen, und als durchaus statthaft, unter Vernachlässigung dieses Faktors von den Teilnehmern einheitlich festgesetzte, höchstens nach der Größe der Ortsnetze abgestufte Pauschgebühren zu erheben.

In der Tat ist dieser Standpunkt von den meisten Verwaltungen unbedenklich vertreten worden, so daß die Pauschgebühr — wie aus den Tariftabellen ersichtlich — im Ortsverkehr auch heute noch weit verbreitet ist. Dieses Verhalten hatte unbestritten seine Berechtigung im ersten Jahrzehnt des öffentlichen Fernsprekdienstes, als die Teilnehmer sich noch überwiegend aus den Kreisen des Großhandels und der Großindustrie zusammensetzten und die einzelnen Ortsnetze — von der Landeshauptstadt abgesehen — sich in der Zahl ihrer Anschlüsse noch wenig voneinander unterschieden. Schon im zweiten Jahrzehnt der Entwicklung, das sich durch den Anschluß mittlerer Geschäfts- und Gewerbebetriebe sowie einzelner Haushaltungen aus Stadt und Land kennzeichnet, trat der Unterschied in der Benutzung der ver-

¹⁾ H. C. Steidle, Technische Grundlagen und wirtschaftliche Bedeutung des halbautomatischen Betriebes in Stadt- und Land-Fernsprechnetzen, München 1909, E. Reinhardt, S. 40.

schiedenen Anschlüsse deutlich zutage. Nachdem nun vollends seit der Jahrhundertswende, wie Reinhard es ausdrückt,¹⁾ die Interessensphäre im Fernsprechverkehr sich nach der demokratischen Seite hin verschoben hat und der Fernsprecher auch kleineren Wirtschaftsbetrieben ein willkommener, oft unentbehrlicher Arbeitsbehelf geworden ist, rechnen die Unterschiede in der Benutzung der einzelnen Sprechstellen nach Hunderten, ja nach Tausenden jährlicher Ortsgespräche, so daß sie heute keinesfalls mehr vernachlässigt werden können. Da seit den interessanten Untersuchungen Landraths über die Zusammensetzung des Berliner Fernsprechnetzes im Jahre 1895²⁾ neuere Angaben über die Berufsverteilung unter den Fernsprechteilnehmern nicht veröffentlicht worden sind, so gebe ich in der Anlage 3 eine nach dem Stande vom März 1909 aufgestellte Übersicht über die Verteilung der einzelnen Berufsklassen im Ortsfernsprechnetze Halle (Saale). Diese Zusammenstellung zeigt, daß heute auch in Netzen mittleren Umfangs bereits Vertreter aller zahlungsfähigen Berufskreise Anschluß an das öffentliche Fernsprechnetze suchen, und es leuchtet ohne weiteres ein, daß hieraus die größten Unterschiede in der Benutzung der einzelnen Sprechstellen sich ergeben. Unter diesen Umständen muß das System der Pauchgebühr als veraltet bezeichnet und darum verworfen werden. Es mag in kleinen Staatswesen oder innerhalb des Geschäftsbereichs kleinerer Fernsprechgesellschaften noch am Platze sein — ich erinnere hier an die kleineren dänischen Gesellschaften —; im übrigen drängt aber die Entwicklung unaufhaltsam zur Abstufung der Anschlußgebühren nach dem Grade des jeweiligen Gebrauchs, d. h. nach dem Maße der von der Verwaltung dem einzelnen zu leistenden Nutzarbeit, mit anderen Worten: zur Gebührenbemessung nach dem jeweiligen Wert des Anschlusses für den einzelnen Teilnehmer.

Es fragt sich nun, ob bei der Tarifbildung die Kosten der technischen Einrichtung (a + b) und des Vermittlungsdienstes (c) für die einzelnen Teilnehmer getrennt oder — unter Annahme von Durchschnittswerten — in einer Summe zu berücksichtigen sind. Die getrennte Behandlung des konstanten und des veränderlichen Faktors führt zur Festsetzung besonderer Grund- und Gesprächsgebühren, ihre Verschmelzung dagegen zum reinen Gesprächsgebührentarif und seinen

¹⁾ P. Reinhard, Die Entwicklung des Telephonwesens der Schweiz, Bern 1898, Stämpfli & Cie., S. 140/41.

²⁾ Archiv, Berlin 1895, S. 772/3.

Abarten, unter die auch der innerhalb jedes Netzes nach dem Grade der Benutzung gestaffelte Pauschgebührentarif zu rechnen ist. Da ich die zweckmäßige Lösung der Gebührenfrage für den Ortsverkehr im getrennten Ansatz einer Grundgebühr neben den Gesprächsgebühren sehe, soll die Erörterung der letzterwähnten Tarifformen vorangestellt werden.

Damit kommen wir zu der viel umstrittenen Frage, ob überhaupt die einzelne Gesprächsverbindung als geeigneter Wertmaßstab für die Tarifbildung im Ortsverkehr betrachtet werden kann. Man zählt hierbei alle von den einzelnen Hauptstellen aus angemeldeten und wirklich zustande gekommenen Ortsgespräche oder — wie H. Laws Webb es ausdrückt ¹⁾ — jeden erfolgreichen Anruf. Wenn darin auch eine gewisse Einseitigkeit liegt, da der bei den einzelnen Sprechstellen ankommende Verkehr und die Zeitdauer der einzelnen Ortsgespräche unberücksichtigt bleiben, so bietet diese Zählweise doch ein im Betriebe seit mehr als einem Jahrzehnt bewährtes Mittel, die Inanspruchnahme des Vermittlungsdienstes seitens der einzelnen Teilnehmer zahlenmäßig zu erfassen. Von der Anrechnung der erfolglosen, d. h. auf augenblicklich besetzte oder gestörte Leitungen entfallenden Anrufe wird billigerweise abgesehen, obwohl diese Anrufe in den Stunden starken Verkehrs bis zu 20 % der gesamten Vermittlungsarbeit in Anspruch nehmen. ²⁾ Die auch nach Einführung der halbautomatischen Gesprächszählung weitverbreitete Abneigung gegen die Anwendung der Gesprächszahl als Tarifgrundlage scheint mir doppelten Ursprungs zu sein. Sie fußt einmal auf der in den Kreisen des Handels und der Industrie Platz greifenden Erkenntnis, daß bei Einführung der Gesprächszählung eine beträchtliche Verteuerung ihrer verkehrsreichen Anschlüsse unausbleiblich ist, da die von solchen Firmen bis dahin entrichteten Pauschgebühren dem Umfang ihres jährlichen Ortsverkehrs zumeist auch nicht annähernd angemessen sind. Stärker noch als diese begreifliche Abneigung gegen eine unerwünschte, aber mit Sicherheit zu erwartende Erhöhung der Fernsprechgebühr für die Großbetriebe ist das viel weniger gerechtfertigte Mißtrauen weiterer Kreise gegen die Zuverlässigkeit der unter Mitwirkung des Vermittlungspersonals vorzunehmenden Zählungen. Man folgert hierbei aus der bedauerlichen, aber im Handbetriebe nie ganz unvermeidlichen Tatsache der hin und wieder unterlaufenden, nur zu oft auf undeut-

¹⁾ G. Baumann, Die Telephonegebühr, München 1908, E. Reinhardt, S. 21.

²⁾ Archiv, Berlin 1908, S. 35.

liche Sprechweise zurückzuführenden falschen Verbindungen mit Unrecht, daß das Personal unaufmerksam und flüchtig arbeite und darum keine Gewähr für eine einwandfreie Zählung nur der tatsächlich von den Sprechstellen ausgehenden erfolgreichen Anrufe biete. Demgegenüber wird jeder Kenner der einschlägigen Verhältnisse bestätigen, daß das Personal der Fernsprechzentralen im Inland wie im Ausland seinen Dienst mit anerkennenswerter Gewissenhaftigkeit versieht, und daß flüchtiges oder fahrlässiges Arbeiten bei dem heutigen wohlorganisierten Aufsichts- und Überwachungsdiens zu den seltenen Ausnahmen gehört. Es ist daher nicht einzusehen, warum man nicht in kleinen Betrieben auch die handschriftliche Aufzeichnung der Ortsgespräche (durch Niederschrift der Anschlußnummer des rufenden Teilnehmers oder einfache Strichelung in einem Formular mit vordruckten Nummern), in größeren Zentralen aber die einfache Bedienung der Gesprächszähler mit gleichem Vertrauen in die Hände des Vermittlungspersonals legen soll. Das geringe Maß der dadurch bedingten Mehrarbeit wird durch die gleichzeitig zu erwartende, recht erwünschte Verminderung der durchschnittlichen Gesprächsziffer voraussichtlich ausgeglichen werden.

Wenn somit die Gesprächszählung als Maßstab für die Inanspruchnahme der einzelnen Sprechstellen wohl empfohlen werden kann,¹⁾ so scheint sie mir doch zur alleinigen Grundlage der Gebührenbemessung, wie dies beim reinen Gesprächsgebührentarif beabsichtigt wird, nicht geeignet zu sein.

In der Tat hat man, wie aus den Tariftabellen ersichtlich ist, noch nirgends die Jahresgebühr im Sinne einer reinen Gesprächszählung für jeden Teilnehmer lediglich als Produkt aus seiner Gesprächsziffer und der Einheitsgebühr berechnet; vielmehr wurde in allen Fällen eine gewisse Abrundung dadurch geschaffen, daß man — wie in Dänemark — eine jährliche Mindestgebühr normierte, oder — wie in England, Norwegen, Rumänien, Schweden und der Schweiz — für die einheitliche Jahresgebühr eine Höchstzahl von Ortsgesprächen festsetzte, bei deren Überschreitung erst die Berechnung nach Einzelgebühren einsetzte. In beiden Fällen wird den Kosten des einzelnen Verkehrsaktes eine zu große Bedeutung

¹⁾ In gleichem Sinne haben sich bezeichnenderweise auch zwei in Amerika mit dem Studium der Tarifverhältnisse betraute, überwiegend aus kaufmännischen Kreisen zusammengesetzte Kommissionen ausgesprochen. Vgl. Archiv, Berlin 1906, S. 179,80 und Archiv, Berlin 1908, S. 402,9.

gegenüber den im Betrage ungleich höheren Aufwendungen für die Herstellung und Unterhaltung der technischen Einrichtung bemessen. Diese Aufwendungen können für die einzelnen Anschlüsse eines Ortsnetzes nach den obigen Ausführungen als durchschnittlich gleich hoch angenommen werden. Wird der hierfür jährlich zu entrichtende Betrag aber von der Verwaltung als Zuschlag zu den Kosten des einzelnen Verkehrsakts erhoben und dergestalt in Form der für jeden Teilnehmer im Einzelbetrage gleich hoch bemessenen, in ihrer Gesamtsumme aber recht verschieden ausfallenden Gesprächsgebühren vereinnahmt, so zahlen notwendigerweise die Inhaber stark benutzter Anschlüsse zuviel, die Teilnehmer mit schwachem Verkehr zu wenig.

Die Absicht, dieses offenkundige Mißverhältnis zu beseitigen, lag der Einführung der gleichfalls auf Gesprächszählung beruhenden gestaffelten Pauschgebühr zugrunde, die erst in neuester Zeit in in Österreich erprobt worden ist, und von den Gegnern des deutschen Reformprojekts gern auch für die deutschen Verhältnisse empfohlen wird.

In der Tat besteht der österreichische Tarif unbeschadet seines etwas komplizierten Aufbaues durch den sorgsamsten Ausgleich von Leistung und Gegenleistung. Die unverhältnismäßig starke Zunahme der Sprechstellen seit seiner Einführung zeigt ferner, daß er dem Verkehrsbedürfnis und den Wünschen des Publikums entspricht.¹⁾ Auch diesem Gebührensystem haften jedoch einige Mängel an, die gegen seine allgemeine Einführung sprechen.

Wie erwähnt, steht auch der Staffeltarif auf der Grundlage der Gesprächszählung; der Unterschied von den übrigen Zählsystemen liegt nur darin, daß hier nicht fortlaufend gezählt, sondern lediglich das Ergebnis von vier auf die verschiedenen Vierteljahre verteilten Stichproben für die Klasseneinteilung der Anschlüsse den Ausschlag gibt. Durch die hierbei unausbleiblichen zahlreichen Zufälligkeiten wird aber in die Gebührenbemessung wiederum eine höchst unerwünschte Unsicherheit hineingetragen. Man sollte im übrigen auch annehmen, daß das Publikum lieber der fortlaufenden Zählung seiner Gespräche durch darin geübtes Personal sich unterwerfen wird, als einer periodisch sich wiederholenden Zählung mit unvollkommeneren Einrichtungen, bei der jeder Zählfehler überdies, infolge der Multiplikation des End-

¹⁾ Gleichwohl ist auch der Durchführung dieses Gebührentarifs in Österreich ein Sturm der Entrüstung aus den Kreisen des Publikums vorangegangen.

ergebnisses mit einem hohen Faktor, sich gleich in einem Vielfachen bemerkbar machen muß.¹⁾

Alle vorerwähnten Mißstände vermeidet in einer für Verwaltungen und Teilnehmer gleich befriedigenden Weise die Zweiteilung der Ortsfernsprechgebühren in eine Grundgebühr, die mit der Größe der Ortsnetze wechselt, aber von allen Teilnehmern desselben Ortsnetzes in gleichem Betrage erhoben wird, und Einzelgesprächsgebühren, entsprechend der Zahl der tatsächlich von dem Anschluß aus geführten Ortsgespräche.

Der Gedanke, die Aufwendungen für die technische Einrichtung getrennt von den Gebühren für den Vermittlungsdienst zu erheben, ist alt. Er findet sich in Form einer einmaligen Eintrittsgebühr oder eines einmaligen Baukostenzuschusses in den Tarifen Finnlands,²⁾ Italiens, Portugals, Rumäniens und Schwedens, als Verpflichtung der Teilnehmer zur Beschaffung der Apparate in den Tarifen Frankreichs und Norwegens, endlich, geteilt in die Forderung eines einmaligen Baukostenzuschusses und die Erhebung einer fortlaufend zu entrichtenden Stationsgebühr in den älteren Tarifen Österreichs sowie Bosniens und der Herzegowina. Als einheitliche, jährlich in gleichem Betrage zu entrichtende Grundgebühr aber sehen wir diesen Gebührenanteil zuerst in dem heute noch geltenden schweizerischen Gebührentarif zusammengefaßt, von wo sie später durch Deutschland, England und Frankreich übernommen worden ist. Da in den Fernsprechgebührentarifen jetzt überwiegend einjähriger Mietsvertrag ausbedungen wird, so besteht allerdings die Gefahr, daß ein Anschluß schon nach einem Jahr wieder aufgegeben, die Grundgebühr also nur einmal entrichtet wird, und die Herstellungskosten für den Anschluß dann nur zum Teil gedeckt werden. Auch diesem Übelstande läßt sich abhelfen, wenn — wie in Frankreich und der Schweiz — die Grundgebühr während der beiden ersten Jahre des Mietsverhältnisses in erhöhtem Betrage erhoben wird. Jedenfalls bietet eine richtig bemessene und nach der Größe der verschiedenen Ortsnetze gehörig abgestufte Grundgebühr am ehesten die Möglichkeit, den auf die Beschaffung und Unterhaltung der technischen Einrichtung entfallenden Kostenanteil gleichmäßig und gerecht von den Teilnehmern einzuziehen. Inwieweit daneben einmalige Baukostenzuschüsse und jährliche

¹⁾ Blätter, Berlin 1909, S. 24.

²⁾ Vgl. Rußland.

Entfernungszuschläge für Anschlußleitungen von außergewöhnlicher Länge am Platze sind, muß für die einzelnen Länder nach verschiedenen Gesichtspunkten beurteilt werden. Auf jeden Fall empfiehlt es sich aber, die Grenzlinie, bei deren Überschreitung solche Zuschüsse gefordert werden, nicht zu eng zu ziehen, und innerhalb eines Umkreises von 3—5 km derartige Zuschläge zu vermeiden. Eine zu starke Betonung der Leitungslänge zu Lasten des daran angeschlossenen Teilnehmers ist schon aus dem Grunde ungerechtfertigt, weil die Anschlußleitungen nicht allein von ihrem jeweiligen Inhaber benutzt werden, sondern — im ankommenden Verkehr — auch der Gesamtheit der übrigen Teilnehmer zur Verfügung stehen.

Da die Grundgebühr von allen Teilnehmern des Ortsnetzes gleichmäßig zu erheben ist, wird sie so zu bemessen sein, daß eine ausgiebige Abschreibung und Verzinsung des Anlagekapitals und voller Ersatz für die Unterhaltung der technischen Einrichtung erzielt wird. Alle sonstigen Verwaltungskosten und die gesamten Betriebskosten aber bleiben aus den Einzelgesprächsgebühren zu bestreiten, die zweckmäßig einheitlich für das ganze Landesgebiet und so hoch anzusetzen sind, daß über den vorstehend begrenzten Kostenbedarf hinaus noch ein mäßiger Reingewinn zur Deckung unvorhergesehener Ausgaben erzielt wird. Hierfür werden im allgemeinen Einzelgebühren von 5—10 Pf. bzw. deren Gegenwert in der Landeswährung ausreichen. Soweit im Auslande höhere Einzelgebühren erhoben werden, z. B. in England 2 d = 18 Pf. und in Schweden 10 Öre = 12 Pf., bleibt zu berücksichtigen, daß der Tarif in diesem Falle keine besondere Grundgebühr neben den Gesprächsgebühren vorsieht.

Nach Einführung eines derartigen Tarifs mit Grund- und Gesprächsgebühren, der jeden Anschluß nach seinem Verkehrsumfang belastet, liegt eine verschiedenartige Behandlung der Privat- oder Wohnungsanschlüsse einerseits und der öffentlich zugänglichen Anschlüsse in Geschäften, Gasthöfen usw. anderseits, wie sie heute in Dänemark, Frankreich, Griechenland, Großbritannien, Luxemburg, Österreich, Portugal, Rumänien, Rußland, Schweden, Serbien und Spanien stattfindet, nicht mehr im Bedürfnis. Im Interesse der kleineren Geschäftsbetriebe und Privathaushaltungen wird indessen noch eine Ergänzung des Tarifs erforderlich durch Einführung der Gesellschaftsanschlüsse. Entsprechend ihrem geringeren Kostenaufwand an Leitungsmaterial und ihrem geringeren Kostenanteil an der Amtseinrichtung würde für diese Anschlüsse die Grundgebühr angemessen

herabzusetzen sein. und zwar jeweilig im Verhältnis zur Zahl der durch eine gemeinsame Anschlußleitung versorgten Teilnehmer. Unter Umständen käme — entsprechend dem geringeren Zugänglichkeitsgrad der Gesellschaftsanschlüsse — auch wohl eine Herabsetzung der Einzelgesprächsgebühren unter den für Hauptanschlüsse vorgeschriebenen Satz in Frage. Da über Gesellschaftsanschlüsse nach dem System der Grund- und Gesprächsgebühr aber noch keine Erfahrungen vorliegen, sollte man mit der Herabsetzung der Gesprächsgebühr anfänglich zurückhalten. Zu große Ermäßigung des Tarifs für die Gesellschaftsanschlüsse könnte leicht ein unwirtschaftliches Verhältnis zwischen Hauptanschlüssen und Gesellschaftsanschlüssen herbeiführen, auch ist eine Herabsetzung etwa zu hoch veranschlagter Gebühren jederzeit möglich, während die Erhöhung einmal eingeführter Gebühren regelmäßig auf Widerspruch im Parlament und in den Kreisen des Publikums zu stoßen pflegt.

Für Ortsgespräche, die von den öffentlichen Sprechstellen aus geführt werden, würde auch künftig zweckmäßig das Doppelte der von Teilnehmern zu entrichtenden Einzelgesprächsgebühr zu fordern sein, da die Benutzer öffentlicher Sprechstellen nicht gleich den Fernsprechteilnehmern durch Zahlung einer Grundgebühr zu den Kosten der Anlage beitragen. Die in Belgien, Bulgarien, Frankreich, Luxemburg und Spanien übliche unentgeltliche Benutzung der öffentlichen Fernsprechstellen durch Fernsprechteilnehmer, die sich als solche ausweisen können, müßte nach Einführung des Gesprächsgebührentarifs aufgehoben werden.

Bevor ich zur Erörterung der Ferngebühren übergehe, möchte ich kurz noch zu der Frage Stellung nehmen, inwieweit es angezeigt ist, einzelnen Fernsprechteilnehmern einen Nachlaß auf die ortsüblichen Gebührensätze zu gewähren. Soweit es sich hierbei um Gebührenermäßigungen für die Anschlüsse der Staats-, Provinzial- und Gemeindebehörden handelt, wie sie in Belgien, Bosnien-Herzegowina, Frankreich, Italien, Österreich, Portugal, der Schweiz, Spanien und Ungarn üblich sind, wird man diesem Verfahren unbedingt zustimmen können, da die Ersparnisse der Behörde hier der Allgemeinheit zugute kommen. Auch die in einzelnen der genannten Länder für Wohlfahrtsanstalten vorgesehenen Gebührenermäßigungen mögen noch hingehen. Wenn aber Ausnahmen für einzelne Berufskreise, z. B. in Österreich und Portugal für die Ärzte, geschaffen werden, muß diese Bevorzugung ungeachtet der gemeinnützigen Tätigkeit der davon Betroffenen beanstandet werden.

In nachahmenswerter Weise macht § 7 des Telegraphengesetzes für das Deutsche Reich vom 6. April 1892 ¹⁾ solche Ausnahmen unmöglich, indem dort ausdrücklich bestimmt wird, daß Gebührenermäßigungen zugunsten einzelner Personen oder Personengruppen nicht zulässig sind.

§ 18.

Tarifbildung im Fernverkehr.

a) Rentabilitätsverhältnisse.

Im Gegensatz zu den vielgestaltigen Gebührenordnungen für den Ortsverkehr sind die in den Tabellen wiedergegebenen Gebührentarife für den Fernverkehr überwiegend nach einheitlichen, im Betriebe als praktisch erprobten Grundsätzen geregelt.

Für die Bemessung der Ferngebühren im einzelnen sind wiederum Rentabilitätsfragen ausschlaggebend, die aber nach anderen Gesichtspunkten zu erwägen sind als im Ortsverkehr. Hier treten neben den beträchtlichen Kosten für die Herstellung der Fernleitungen sowie für die Abschreibung und Verzinsung des darin angelegten Kapitals die laufenden Betriebskosten und die Aufwendungen für Einrichtung und Unterhaltung der Umschaltvorrichtungen völlig in den Hintergrund. Soweit es sich nicht um größere Zentralen für den Fernverkehr handelt, pflegen die letzterwähnten Betriebskosten im allgemeinen mit den ohnehin für den Ortsvermittlungsdienst erforderlichen Aufwendungen so eng verquickt zu sein, daß sie bei Kalkulierung der Ferngebühren außer Betracht bleiben oder in Form eines mäßigen Verwaltungszuschlags in die Rechnung eingeführt werden können. Größere Fernverkehrszentralen erfordern allerdings die Aufstellung und Bedienung von Vielfachumschaltern wie im Ortsverkehr, jedoch mit dem Unterschied, daß hier die Zahl der Anrufzeichen und Vielfachklinken sich in mäßigen Grenzen hält und damit die Kosten für die technische Ausrüstung des einzelnen Arbeitsplatzes sich wesentlich verringern.

Den für Herstellung der Fernsprechverbindungsleitungen erforderlichen Aufwand an Leitungskupfer und sonstigen Kosten habe ich in der nachstehenden Tabelle zusammengestellt; sie enthält unter

a) die für solche Fernleitungen üblichen Drahtstärken,

¹⁾ Reichsgesetzblatt, Berlin 1892, S. 467.

b) die beim Sprechverkehr über Doppelleitungen der jeweilige Drahtstärke mit guter Verständigung erreichbare Entfernung.

c) den Bedarf an Leitungskupfer für 1 km Doppelleitung (ein schließlich des Bedarfs an Bindedraht) in kg.

d) die durchschnittlichen Kosten für 1 km Doppelleitung, ein schließlich der Anwendungen für Isoliervorrichtungen und Arbeitslohnkosten:

a	b ¹⁾	c ²⁾	d ³⁾
2 mm	bis 250 km	1 km rd. 60 kg	1 km = rd. 160 M
2.5 -	- 350 -	1 - - 90 -	1 - = - 210 -
3 -	- 500 -	1 - - 130 -	1 - = - 280 -
4 -	- 900 -	1 - - 230 -	1 - = - 430 -
4.5 -	- 1100 -	1 - - 290 -	1 - = - 530 -
5 -	- 1500 -	1 - - 360 -	1 - = - 630 -

Hierzu kommen, wenn die Errichtung einer neuen Linie erforderlich wird, noch etwa 250 bis 300 M für jedes km einfachen Holzgestänges mit den üblichen Verstärkungen. Von den auf dieser Grundlage zu berechnenden Herstellungskosten werden, wie im Ortsverkehr, jährlich mindestens 15%, zur Tilgung und Verzinsung des Anlagekapitals sowie zur Deckung der laufenden Unterhaltungskosten erforderlich; letztere sind etwas höher anzusetzen, da es sich hier regelmäßig um die Instandhaltung von Außenlinien handelt, die den Unbilden der Witterung mehr ausgesetzt werden. Berücksichtigt man außerdem, daß aus Betriebsrücksichten nur in die schwachdrähtigen Verbindungsleitungen für den Nahverkehr ein oder mehrere Zwischenanstalten zwecks Benutzung der Leitung auf Teilstrecken eingeschaltet werden

¹⁾ Die Entfernungsangaben haben zur Voraussetzung, daß auf der ganzen Strecke dieselbe Drahtstärke vorhanden ist. Dieser Forderung wird in der Praxis nur hinsichtlich der unmittelbaren Verbindungen zwischen den Hauptverkehrszentralen genügt, während beim Verkehr mit kleineren Orten an jenen unmittelbaren Verbindungsleitungen regelmäßig Leitungen schwächerer Drahtstärke angeschaltet werden müssen. Zum Ausgleich der bei solchen Zusammenschaltungen unvermeidlichen Beeinträchtigung der Lautübertragung werden die Fernleitungen für die einzelnen Entfernungszonen daher häufig in der jeweils höheren Drahtstärke hergestellt, so daß die obigen Entfernungsangaben nur als Grenzwerte gelten können.

²⁾ Deutsche Telegraphenbauordnung, Berlin 1902, S. 51.

³⁾ Bei Berechnung dieser Sätze, die je nach der Höhe des Kupferpreises großen Schwankungen unterliegen, ist ein Kurs für Elektrolytkupfer von 64 1/4 Lst (Londoner Notierung) zugrunde gelegt.

können, während die starkdräftigen Verbindungsleitungen größtenteils unmittelbare Verbindungen zwischen den Brennpunkten des Fernverkehrs darstellen, so erhält ohne weiteres die Bedeutung der Leitungskosten für die Tarifbemessung im Fernkehr. Auch hier muß schließlich bei Kalkulierung der Gebühren auf die Erzielung eines angemessenen Reingewinns zur Deckung unvorhergesehener Ausgaben hingearbeitet werden, da in absehbarer Zeit die Aufnahme des elektrischen Fernbahnbetriebs zu erwarten ist, dessen Durchführung allenthalben kostspielige Umbauten und Verlegungen der bestehenden Fernlinien zur Folge haben wird.

b) Richtlinien für die Tarifgestaltung.

Mit wenigen Ausnahmen ist im Fernverkehr die Einzelberechnung der Gespräche unter Berücksichtigung ihrer Zeitdauer und ihrer Dringlichkeit bereits durchgeführt. Abgesehen von Belgien, Luxemburg, den Niederlanden und Serbien, die im Hinblick auf den geringen Umfang ihres Landesgebiets eine Einheitsgebühr für alle innerhalb der Landesgrenzen abzuwickelnden Ferngespräche erheben, haben die europäischen Staaten ihre Ferngebühren des weiteren nach der Entfernung der zum Gespräch verbundenen Orte gestaffelt und für die Bildung der Zonen teils die absolute Entfernung, teils die politische Einteilung des Landes zugrunde gelegt. Da die letztere nur zu oft als das Ergebnis bloßer Zufälligkeiten in der historischen Entwicklung sich darstellt, auch das Verkehrsbedürfnis nicht selten zwischen den Grenzgebieten benachbarter Kreise und Provinzen lebhafter ist als innerhalb der einzelnen Bezirke, so verdient die Annahme eines kilometrischen Zonentarifs den Vorzug. Einheitliche Normen für die Abgrenzung der Entfernungszonen lassen sich bei der großen Verschiedenheit der wirtschaftlichen Verhältnisse in den einzelnen Ländern nicht aufstellen. Um die Handhabung des Tarifs zu erleichtern, wird es sich empfehlen, die Staffelung nicht zu weit zu treiben. Auch muß davor gewarnt werden, die Einheitsgebühren zu weit herabzusetzen; es kann hierdurch leicht eine unerwünschte Steigerung des Fernverkehrs hervorgerufen werden, die — ungeachtet ihrer Beschränkung auf wenige Tagesstunden — eine unwirtschaftliche Verdichtung des kostspieligen Leitungsnetzes erforderlich machen würde. Grundsätzlich muß ferner angestrebt werden, daß die für den Bau und die Unterhaltung des Fernleitungsnetzes erforderlichen Mittel durch die Ferngebühren aufgebracht werden. Gewiß

stellt der Bau jeder Fernleitung eine Neuanlage dar, deren Nutzung vorwiegend der Zukunft zugute kommt, deren Kosten also nach allgemeinen Finanzgrundsätzen aus Anleihemitteln bestritten werden können. Gleichzeitig liegt in diesen Neuanlagen jedoch eine Vermehrung der Betriebsmittel, wie sie auch in anderen Verwaltungen von Jahr zu Jahr erforderlich wird. Macht aber die Verkehrszunahme eine solche Leitungsvermehrung erforderlich, so wird man billig verlangen können, daß deren Kosten auch aus den laufenden Gebühreneinnahmen gedeckt werden. Soll im Gegensatz hierzu das Verkehrsbedürfnis erst geweckt, oder in Landesteilen befriedigt werden, die an das allgemeine Fernsprechnet noch nicht angeschlossen sind, so bleibt immer noch zu erwägen, ob der bei Herstellung der Fernleitung zu erwartende Nutzen die Belastung der Allgemeinheit mit den Tilgungskosten einer Anleihe rechtfertigt. Oft wird es sich hierbei lediglich um die Befriedigung des Verkehrsbedürfnisses einzelner Bevölkerungskreise handeln; in diesem Falle kann aber — solange es sich nicht um die wirtschaftliche Hebung armer Landesteile handelt — eine Vermehrung der öffentlichen Schuld nicht empfohlen werden. Hier ist vielmehr das in Deutschland und Frankreich geübte Verfahren am Platze, die Interessenten zur Aufbringung der Kosten heranzuziehen. Man nimmt in Frankreich von den Interessenten allgemein die zinsfreie Vorstreckung der gesamten Anlagekosten in Anspruch, die alsdann von der Verwaltung in Jahresraten aus der Gebühreneinnahme zurückerstattet werden.¹⁾ In ähnlicher Weise fordert man in Deutschland für unrentable Anlagen im Nahverkehr, zu deren Herstellung ein allgemeines Interesse nicht vorliegt, von den Antragstellern einen einmaligen Baukostenzuschuß von 40 % der Gesamtkosten à fonds perdu oder die Gewährleistung einer jährlichen Mindestgebühreneinnahme in Höhe von 10 % der Anlagekosten auf die Dauer von fünf Jahren.²⁾

Unter diesem Gesichtspunkt kann auch die Festsetzung besonderer Ferngebührentarife für den Bezirksverkehr nur bei unentwickelten Verkehrsverhältnissen als berechtigt anerkannt werden, wie sie beispielsweise noch in Rumänien, Spanien und Ungarn vorliegen. In Ländern mit einem gut ausgebauten Fernleitungsnetz, wie es Deutschland besitzt, wäre es wohl an der Zeit, mit diesen im ersten Jahrzehnt des Fernverkehrs geschaffenen Sondertarifen zu

¹⁾ Journal 1898, S. 192.

²⁾ O. Fuhrmann, Die Bedeutung des lokalen Nachrichtenverkehrs für das wirtschaftliche Leben, Berlin 1900, E. Ebering, S. 94 und 107.

brechen, da sie auch bei Anwendung von Staffeltarifen eine ungerechtfertigte Bevorzugung einzelner Landesteile darstellen.

Anders liegen die Verhältnisse im Nachbarorts- und Vortortsverkehr, der bei den engen wirtschaftlichen Beziehungen zwischen den beteiligten Ortschaften eine bevorzugte Behandlung ohne Schädigung der Interessen unbeteiligter Kreise wohl zuläßt. Gegen die Erhebung von Pauschgebühren sprechen aber auch hier die bei Erörterung des Ortsverkehrs dargelegten Gründe. Auch im Fernverkehr muß die Individualisierung der Gebühren als einzig richtige, im Interesse der Gesamtheit liegende Lösung der Tarifffrage¹⁾ angesehen werden; sie hat im Hinblick auf die eingehend erörterten Leitungskosten beim Fernverkehr besondere Berechtigung. Der von Schmidt²⁾ gegen die Bemessung der Ferngebühr nach den Streckenkosten ins Feld geführte Vergleich mit den heute allgemein ohne Rücksicht auf die Entfernung normierten Telegrammgebührentarifen ist bereits im ersten Abschnitt als unhaltbar zurückgewiesen worden.³⁾

Im Gegensatz zu den Fernsprechleitungen lassen sich die großen und kostspieligen Telegraphenleitungen unter Verwendung der modernen Apparatsysteme in früher ungeahntem Maße für den Massenverkehr ausnutzen; sie weisen alsdann im Durchschnitt der einzelnen Tagesstunden eine so große Zahl stündlich zwischen ihren Anstalten ausgewechselter Telegramme auf, daß dagegen der auf den Fernsprechleitungen notgedrungen langsam abgewickelte Verkehr, in Dreiminuteneinheiten gemessen, verschwindend kleine Belastungsziffern ergibt.

Da die Herstellung von Doppelsprechschaltungen⁴⁾ an diesem Ergebnis wenig zu ändern pflegt und eine Beschleunigung des Sprechverkehrs durch Anwendung technischer Hilfsmittel nach Art der Schnell- und Maschinentelegraphen nicht denkbar ist, so bleibt nur die Möglichkeit, durch Herabsetzung der Gebühren während der Stunden schwächsten Verkehrs auf eine vollkommeneren Ausnutzung der kostspieligen Fernleitungen hinzuarbeiten. Als regelmäßig verkehrsschwach kommen hierfür in Frage die Sonn- und Feiertage sowie werktäglich die Stunden vor 9 Uhr vorm., zwischen 12 und 3 Uhr nachm. und nach 7 Uhr abends. Holland hat mit einem solchen, die Tageszeit berücksichtigenden Ferngebührentarif ungünstige Er-

¹⁾ P. Reinhard, Die Entwicklung des Telephonwesens der Schweiz, Bern 1898, Stämpfli & Cie., S. 140.

²⁾ Finanzarchiv 1906, Bd. I, S. 158.

³⁾ Vgl. S. 55.

⁴⁾ Vgl. S. 32.

fahrungen gemacht, weil der Sprechverkehr sich während der Übergangszeiten stets in unerwünschtem Maße häufte anstatt sich, wie beabsichtigt, auf die einzelnen Tagesstunden gleichmäßig zu verteilen.¹⁾ Im Gegensatz hierzu betont der Geschäftsbericht der englischen Verwaltung vom Jahre 1908,²⁾ daß mit der Ermäßigung der Ferngebühren zwischen 7 Uhr abends und 7 Uhr morgens eine Steigerung der Gebühreneinnahme um 12 % erzielt worden ist. Da auch die dänische Verwaltung mit Gebührenermäßigungen in der verkehrsschwachen Zeit günstige Erfahrungen gemacht hat,³⁾ so kann ein Versuch in diesem Sinne um so mehr empfohlen werden, als die Fernleitungen zu den angeführten Stunden bei Aufrechterhaltung des Normaltarifs erfahrungsgemäß größtenteils unbenutzt bleiben. Die unbeschränkte Ermäßigung der Ferngebühren zur Nachtzeit würde allerdings die allgemeine Durchführung des Fernsprechnachtdienstes zur Voraussetzung haben, d. h. eine für kleinere Orte höchst unwirtschaftliche Maßnahme; eine solche Tarifänderung kann daher zunächst nur für den Wechselverkehr zwischen denjenigen Ortsnetzen empfohlen werden, die bereits Fernsprechnachtdienst abhalten oder ohne unwirtschaftliche Verstärkung ihres Personals hierzu in der Lage sind.

Abschließend einige Worte über die Gestaltung des Gebührentarifs für den internationalen Fernverkehr, der heute noch in den Anfängen seiner Entwicklung steht, obwohl sich auf Anregung des verewigten Staatssekretärs Dr. von Stephan bereits der internationale Telegraphenkongreß zu Berlin im Jahre 1885 seiner Förderung angenommen hat. Es erhellt hieraus, daß die Entwicklung dieses Verkehrszweiges im Hinblick auf die hierbei gewöhnlich zu überwindenden großen Entfernungen wohl in erster Linie eine Frage der Technik und erst in zweiter Linie eine Frage der Tarifpolitik ist. Im übrigen werden für die im Wechselverkehr zwischen verschiedenen Ländern zu erhebenden Ferngebühren durch die jeweilige Ausführungsübereinkunft zum internationalen Telegraphenvertrage nur die Bemessungsgrundlagen festgelegt, wobei u. a. als Einheit für die Erhebung der Gebühren und für die Dauer der Gespräche der unteilbare Zeitraum von 3 Minuten gilt.⁴⁾ Die Höhe der Gebühren wird dagegen von Fall zu Fall durch besondere Vereinbarung zwischen den

¹⁾ Journal 1906, S. 32.

²⁾ Journal 1908, S. 361.

³⁾ Mündlich eingeholte Angabe.

⁴⁾ Artikel LXVIII, F. 1 der Ausführungs-Übereinkunft für den internationalen Telegraphenverkehr (Lissaboner Revision vom 11. Juni 1908).

beteiligten Staaten geregelt. Hierbei kommen außer den unmittelbar am Sprechverkehr beteiligten Staaten u. U. noch die zwischen ihren Grenzen liegenden, den Durchgangsverkehr vermittelnden oder von den Fernleitungen durchschnittenen Staaten in Betracht. Demgemäß unterscheidet Artikel LXVIII der zur Zeit geltenden, 1908 in Lissabon beschlossenen Ausführungsübereinkunft für den internationalen Telegraphenverkehr, der in 15 Paragraphen den internationalen Fernsprechdienst regelt, unter Punkt G zwischen Endgebühren, Durchgangsgebühren und ermäßigten Gebühren für den Grenzverkehr. Von diesen 3 Kategorien stehen die Gebühren für den Grenzverkehr den heimischen Ferngebühren am nächsten; sie fließen wie diese ungeteilt in die Kasse des Ursprungslandes und unterliegen keiner weiteren Abrechnung. In der Regel setzen sich aber die Gebühren im Wechselverkehr angrenzender Staaten zusammen aus den vertragsmäßig auf jeden der beiden Staaten entfallenden Endgebühren, wozu im Verkehr nicht benachbarter Staaten als dritter Faktor die an das zwischenliegende Land abzuführende Durchgangsgebühr tritt. Wenngleich nun für die Festsetzung der Endgebühren die größeren Staatsgebiete gewöhnlich in Zonen eingeteilt werden, um eine Staffellung der vom Publikum einzuziehenden Gesamtgebühr je nach der Entfernung des Ursprungsortes von der Grenze herbeizuführen, so erreichen die Gebühren, wie aus den Tabellen ersichtlich, doch durchgängig eine größere Höhe als die für gleiche Entfernungen im Binnenverkehr zu entrichtenden Ferngebühren. Eine Ermäßigung der aus den angeführten Gründen kaum zu verbilligenden Gebühren ist nach Punkt G und H a. a. O. vorgesehen für die während der Nachtzeit einzeln oder im Monatsabonnement, d. h. täglich zu bestimmter Stunde, abzuwickelnden Ferngespräche. Hierbei wird allerdings vorausgesetzt, daß die beteiligten Staaten ein dahin gehendes Abkommen schließen; auch gilt für die Abonnementsgespräche die Einschränkung, daß darin nur persönliche Angelegenheiten des Teilnehmers oder seines Geschäfts erörtert werden dürfen. Bei angemessener Ermäßigung der für Einzel-Nachtgespräche zu entrichtenden Gebühren wird auf diese Beschränkung im internationalen Verkehr sowohl wie im Inlandsverkehr unbedenklich verzichtet werden können, da ein Mißbrauch kaum zu befürchten ist.

In den vorstehenden Ausführungen ist, besonders im Hinblick auf den Fernverkehr wiederholt die Notwendigkeit vorsichtiger Abschätzung der Fernsprechgebührentarife betont worden. Ich möchte

daher zum Schluß darauf hinweisen, daß zwischen solcher ratsamen Zurückhaltung gegenüber den nie ausbleibenden Anträgen des Publikums auf Tarifiermäßigung einerseits und einer fiskalischen, d. h. auf Erzielung möglichst hohen Reingewinns gerichteten Tarifpolitik anderseits noch ein großer Unterschied besteht. Soll eine gedeihliche Fortentwicklung des Fernsprechwesens zum Nutzen der Allgemeinheit gewährleistet werden, so muß dieser aussichtsreiche Zweig des Nachrichtendienstes vor allem durch eine gesunde Tarifpolitik auf eigene Füße gestellt werden. Erst wenn der Fernsprecher ohne die Krücken des Anleihewesens, also ohne Belastung unbeteiligter Kreise die erwünschte Verbreitung in Stadt und Land zu finden vermag, werden die unschätzbaren Vorteile dieses noch großer Entwicklung fähigen Verkehrsmittels allen Kreisen der Bevölkerung wahrhaft zugute kommen.

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Vergleichende Zusammenstellung

der auf einen Hauptanschluß durchschnittlich entfallenden Leitungslänge, der Leitungskosten und des Kostenanteils an der Vermittlungseinrichtung für Ortsnetze verschiedener Größe mit Einfach- bzw. Vielfachumschaltern und Handbetrieb.¹⁾

Nach v. Hellirigl (E. u. M., Wien 1908, S. 52).

Umrechnungsverhältnis: 1 Krone ö. W. = 0,80 M.

¹⁾ Vgl. auch die Zusammenstellung der Durchschnittskosten (nach dem Stande vom Juni 1899) in Nr. 387 der Druckarbeiten des Deutschen Reichstages, 10. Legislaturperiode, I. Session 1898/99. Hieraus nachstehend (unter Bemerkungen):

a) die durchschnittliche Leitungslänge, b) die anteiligen Kosten der Vermittlungseinrichtung.

Zahl der Teilnehmer	Radius des bei der Schätzung berücksichtigten Umkreises km	Durchschnittliche Länge d. innerhalb dieses Umkreises liegenden Anschlußleitungen km	Durchschnittliche Leitungskosten ²⁾ pro Teilnehmer jährlich		Durchschnittlicher Kostenanteil an Vermittlungseinrichtung und Vermittlungsdienst jährlich		Bemerkungen
			Kronen	M	Kronen	M	
bis zu 50	1	0,5	15	12	25	20	²⁾ bei Anrechnung von 12% für Amortisation und 4%ige Verzinsung des Anlagekapitals. ¹⁾ Ortsfernsprechnetze bis 1000 Teilnehmer 1,1 km 19 M
51—200	1,5	1	30	24	30	24	
201—500	2	1,5	45	36	40	32	
501—1000	3	2	60	48	50	40	
1001—5000	4	2,5	75	60	50	40	
5001—20 000	5	3	90	72	80	64	1001—5000 — 1,8 „ 35 „
mehr als 20 000	6	4	120	96	80	72	5001—20 000 — 2,2 „ 100 „ mehr als 20 000 „ 2,6 „ 115 „

Anlage 5.

Vergleichende Zusammenstellung

der Einrichtungs- und Personalkosten in Netzen verschiedener Größe a) für Handbetrieb an Vielfachumschaltern älterer Art, b) für Transferbetrieb mit Verteiler-, Abfrage- und Verbindungsplätzen, c) für vollautomatischen Selbstanschlußbetrieb.

Nach Barth v. Wehrenalp (E. u. M., Wien 1906, S. 564).

Umrechnungsverhältnis: 100 Kronen ö. W. = 85 M.

Zahl der Teilnehmer	System	Einrichtungskosten in Millionen		Kopfstahl der Telephonisten ¹⁾ und Mechaniker		in Millionen (der Währungseinheit)		Jahreskosten		in Kronen (M) pro Teilnehmer		Bemerkungen
		Kronen	M	Telephonisten	Mechaniker	Personal	15 % Abschreibung und Verzinsung der Einrichtungskosten	Kronen	M	Kronen	M	
1 000	a	0,070	0,060	30	4	0,038	0,032	0,0105	0,009	0,0485	0,041	41,0
	b	0,070	0,060	25	4	0,033	0,028	0,0105	0,008	0,0435	0,037	37,0
	c	0,150	0,130	4	6	0,016	0,014	0,0225	0,019	0,0385	0,033	33,0
10 000	a	0,900	0,760	300	24	0,350	0,300	0,135	0,115	0,485	0,415	48,5
	b	0,800	0,680	260	26	0,310	0,260	0,120	0,100	0,430	0,360	36,0
	c	1,700	1,440	30	60	0,150	0,130	0,250	0,215	0,400	0,345	34,5
20 000	a	2,800	2,380	1100	48	1,200	1,020	0,420	0,360	1,620	1,380	69,0
	b	1,700	1,440	720	60	0,840	0,710	0,255	0,215	1,095	0,925	46,5
	c	3,600	3,060	70	120	0,310	0,260	0,540	0,460	0,850	0,720	36,0
50 000	a	7,500	6,370	3200	150	3,500	2,980	1,125	0,955	4,625	3,935	78,5
	b	4,500	3,820	2000	160	2,320	1,970	0,675	0,575	2,995	2,545	51,0
	c	9,000	7,650	210	320	0,850	0,720	1,350	1,150	2,200	1,870	37,5
100 000	a	16,500	14,020	7500	300	8,100	6,880	2,475	2,100	10,575	8,980	89,8
	b	10,000	8,500	4500	320	5,140	4,370	1,500	1,275	6,640	5,645	56,5
	c	18,000	15,300	450	700	1,850	1,570	2,700	2,295	4,550	3,865	38,7

¹⁾ Durchgängig ohne Berücksichtigung des Aufwands des Personals.

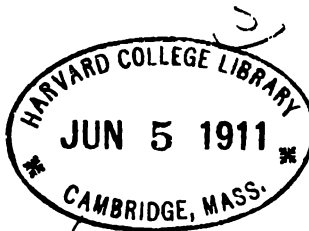
Lebenslauf.

Geboren am 10. Juni 1877 in Jauer als Sohn des Gymnasial-Oberlehrers Emil Günther und seiner Gattin Hermine geb. Reiner, erhielt ich meine Schulbildung in Görlitz, dessen Realgymnasium ich Ostern 1896 mit dem Zeugnis der Reife verließ. Unmittelbar darauf bezog ich die Universität Berlin, um mich dem Studium der Staatswissenschaften zu widmen. Am 2. Januar 1897 trat ich als Anwärter für die höhere Laufbahn (Posteleve) in den Reichs-Postdienst, bestand nach dreijähriger Vorbereitungszeit am 23. März 1900 die erste Prüfung, der meine Ernennung zum Postpraktikanten folgte, und am 6. Mai 1904 vor dem Prüfungsrat des Reichs-Postamts die höhere Verwaltungsprüfung für Post und Telegraphie, auf Grund deren ich zum Ober-Postpraktikanten ernannt worden bin. Für die Fortsetzung der 1896 unterbrochenen Studien fand ich Gelegenheit an der Königlichen Universität zu Berlin in den Jahren 1901/3 und 1907/8 neben meiner Beteiligung an den vom Reichs-Postamt veranstalteten akademischen Fortbildungskursen und im Jahre 1907 sowie seit 1908 an der Königlichen Universität zu Halle neben meiner Beschäftigung an der hiesigen Kaiserlichen Ober-Postdirektion.

Während meiner Studienzeit besuchte ich die Vorlesungen und Übungen folgender Herren Professoren:

v. Blume, J. Conrad, Dambach †, Dessoir, Fleischmann, v. Halle †, Kaftan, Kaufmann, Köbner, Lasson, Loening, Menzer, v. Schmoller, Simmel, Sommerlad, Stammeler, Strecker, Uphues, Waentig, Ad. Wagner und v. Wenckstern.

Allen diesen Herren spreche ich hiermit meinen ehrerbietigsten Dank aus.



Econ 3628 j1

Gratis

COMPETITION—MONOPOLY

SOME CORRESPONDENCE BETWEEN THE
POSTAL TELEGRAPH-CABLE CO.
(MACKAY INTERESTS)

AND THE
**POSTAL TELEGRAPH-CABLE CO.
OF TEXAS**
(BELL TELEPHONE INTERESTS)

(From N. Y. Times, April 18th, 1911.)

POSTAL BEGINS WAR ON BELL SYSTEM

Paralleling the Lines of the Opposition in Louisiana, Texas and the Southwest.

CANCELS WORKING CONTRACT.

Postal Telegraph and Cable Co. of Texas, an Independent Line, Fell Under Bell System Control.

Work on a new telegraph line in Texas, Louisiana, Mississippi, Arkansas, Oklahoma, Kansas and Missouri for the Postal Telegraph Company has begun to meet competition of the American Telephone and Telegraph Company, which controls the telegraph lines in Texas and the Southwest, through which the Postal had an outlet by contract arrangement. This contract was for fifty years, and had decades to run under existing conditions, but the Postal has decided to establish its own system in Texas, paralleling the opposition lines.

News from Texas yesterday told of agents of the Mackay Companies being in the territory of the Postal Telegraph Cable Company of Texas for several weeks obtaining rights of way and arranging other details for the establishment of an extensive telegraph system in opposition to the Texas Company.

Cable and wire shipments had arrived and been distributed over several hundred miles of right of way. In every city and town in the State where the Postal Telegraph Cable Company of Texas has an office the Mackay Companies had leased office room. Right

of way for the pole lines had been obtained from railroads, and applications for franchises for the use of streets for the wires and underground conduits were pending in several cities.

The establishment of a Mackay Companies line independent of the Bell system's controlled company will extend throughout all of the Southwest territory.

It was said at the office of the Mackay Companies yesterday that notice had been served on the Postal Telegraph Cable Company of Texas in February notifying them of the abrogation of the fifty-year contract. This contract contained this clause:

"In the event that the Texas company and the Western Union Telegraph Company property shall hereafter come under the same control, directly or indirectly, this contract may be terminated forthwith by the Postal Company."

An official of the Mackay Companies said that there was no doubt of the control of the Texas company by the Bell interests, and that it was for this reason that an independent line was being built.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

NEW YORK, February 4th, 1910.

MR. SHIRLEY M. ENGLISH,
President, Postal Telegraph-Cable Company of Texas,
DALLAS, TEXAS.

Dear Sir:—

Inasmuch as the property of your company and of the Western Union Telegraph Company have come under the same control, directly or indirectly, we feel that the contract of October 19th, 1906, between your company and the Postal Company should be terminated as allowed by the terms of that contract, and I wish you would kindly consider this letter as notice to that effect.

We, of course, with your approval, will continue to exchange business with your company from day to day under the same terms as are specified in the contract, either company having the right to terminate the arrangement at any time.

Kindly acknowledge receipt.

Very truly yours,

EDWARD J. NALLY,
Vice-President & General Manager.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

NEW YORK, February 7th, 1910.

MR. U. N. BETHELL,
Vice-President, American Telephone and Telegraph Co.,
NEW YORK.

Dear Sir:—

The contract between the Texas Postal and the New York Postal of October 19th, 1906, contains the following provision in the seventh paragraph:—

“In the event that the Texas Company and the Western Union Telegraph Company property shall hereafter come under the same control, directly or indirectly, this contract may be terminated forthwith by the Postal Company.”

I would mention that on the same day, namely, October 19th, 1906, another contract was made between those two companies for the sole purpose of keeping alive the following provision from the contract between those companies of May 26th, 1896:—

“It is mutually agreed that in case either of said companies parties hereto, shall sell, lease or otherwise dispose of its telegraph property to any competing Company, then the Company so taking said action shall purchase the property of the other company, at a fair valuation not to exceed the cost price thereof. It is understood and agreed, however, that it shall be optional with such other company to sell its telegraph property or not is it may elect, such option to be exercised within sixty days after written notice. In case of failure to agree upon a valuation, the same shall be determined by three arbitrators, one to be chosen by each of the parties hereto and the two thus chosen to select a third and a decision of a majority of them in writing shall be final, conclusive and binding on the parties hereto.

“In case either of said companies, parties hereto, shall sell, lease or otherwise dispose of its property, all agreements connected with such sale, lease or other disposition, shall provide that the successor company shall be bound by all the provisions of this agreement.”

This last paragraph indicates the basis on which one company was to have the right to sell, in case the other company should combine with a competitor, namely, a fair value not to exceed the cost. We are quite willing to negotiate for the purchase of the telegraph property of the Texas Postal on that basis, but unless that can be done we shall be obliged to commence the construction of our own lines in Texas at once.

I think it proper that I should inform you that last Friday* I sent to Mr. English a notice a copy of which I enclose.

If you desire I will take the matter up with you at any time you may name.

Very truly yours,

EDWARD J. NALLY,

Vice-President & General Manager.

*See page 3.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

NEW YORK, February 8th, 1910.

MR. SHIRLEY M. ENGLISH,

President, Postal Telegraph-Cable Company of Texas.

DALLAS, TEXAS.

Dear Sir:—

I attach for your information, copy of my letter of February 7th* to Mr. U. N. Bethell, Vice-President of the American Telephone and Telegraph Company, enclosing copy of my letter to you of February 4th, and quoting sections from the contract between the Texas Postal and the New York Postal bearing on the termination of the arrangement.

Very respectfully,

E. J. NALLY,

Vice-President and General Manager.

15 Dey Street,

NEW YORK, February 8, 1910.

EDWARD J. NALLY, ESQ., *Vice-President and General Manager,*
Postal Telegraph-Cable Company,

253 Broadway, NEW YORK CITY.

Dear Mr. Nally:—

I have your letter of yesterday, and beg to say that there seems to be some misapprehension of the facts which I think can be cleared up without difficulty. The Texas Company and the Western Union Telegraph Company property have not come under the same control, directly or indirectly, and the Texas Company has not sold, leased or otherwise disposed of its property to any competing company, or become subject to the control of any competing company. Had it done so it would be required, under the contract referred to by you, as I understand it, to purchase your property—not to sell its own—at a fair valuation, not to exceed the cost price thereof.

I shall be glad if you will reconsider the matter, and, if agreeable, let me discuss it with you at your convenience. As stated to you at our interview last Wednesday, the Company for which I am acting in this matter is willing to dispose of its holdings in the Texas Company at a fair price.

Please let me hear from you at your earliest convenience, and oblige,

Very truly yours,

U. N. BETHELL.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

NEW YORK, February 8th, 1910.

MR. U. N. BETHELL,

Vice-President, American Telephone & Telegraph Co.,

NEW YORK.

My dear Mr. Bethell:—

I am somewhat surprised to receive your letter of this morning to the effect that the Texas Company and the Western Union Company property are not under the same control directly or indirectly. My understanding is that the American Telephone & Telegraph Company indirectly controls both of those companies and their property, namely, by ownership of stock in those companies or through intermediate companies, and certainly they are under the same control so far as management, policy and executive control are concerned. I cannot see but that the contingency has occurred as expressly provided for and guarded against in the contract.

In reply to your suggestion that the company for which you are acting is willing to dispose of its holdings in the Texas Postal Company at a fair price, I will say we are certainly willing to purchase those holdings at a fair price. Of course, the trouble is as to the basis of the price. However, I shall be glad to talk the matter over with you at any time you care to take it up.

Very truly yours,

EDWARD J. NALLY,

Vice-President & General Manager.

THE POSTAL TELEGRAPH-CABLE COMPANY OF TEXAS.

DALLAS, TEXAS, February 7th, 1910.

MR. EDWARD J. NALLY, V. P. & G. M.

. Postal Telegraph-Cable Company,

NEW YORK, N. Y.

Dear Sir:—

I have your favor of February 4th, 1910, in which you state:

"That inasmuch as the property of your Company and of the Western Union Telegraph Company have come under the same control, directly or indirectly, we feel that the contract of October 19th, 1906, between your Company and the Postal Company should be terminated, as allowed by the terms of the contract, and I wish you would kindly consider this letter as notice to that effect."

In reply I beg to state that you furnish the first information that the property of this Company has come under the same control as the property of the Western Union Telegraph Company, and I must say that I am somewhat surprised at your statement. This Company is in my opinion effectively and in good faith doing business with your Company, and I certainly do not see on what ground you can complain that we are not furnishing the full amount of business which you could possibly expect from this territory. As to what has gone on in the stock exchange at New York, I, of course, am not advised, but I do wish to say that I am not willing to terminate our contract on a pretext that such stock exchange may furnish you.

On what hypothesis you can state that the lines of this Company have come under the same control with the lines of the Western Union Telegraph Company I do not understand, for this Company has no contractual relationship with either the Western Union Telegraph Company or with the American T. & T. Company which the press indicates has recently acquired an interest in the lines of that Company. We are exerting our greatest endeavors to comply with all of the provisions of our contract with you, and are no less vigilant in doing so than at any previous time.

I cannot consent to the termination of our contract on a mere suggestion of the character mentioned in your letter, especially as this Company would have no connection with outside lines should our contract be terminated as suggested in your letter.

By the supplemental clause of the contract of 1906 it is agreed that if either of the contracting parties shall sell, lease or otherwise dispose of its telegraph property to any competing company or become subject to the control of any competing company, then the Company so taking the said action shall purchase the property of the other Company at a fair valuation, not to exceed the cost price thereof. It further provides that it shall be optional

with such other Company to sell its telegraph property or not, as it may elect, and that such option shall be exercised within sixty days after written notice.

I fail to see that your letter is in line with our contract and on the whole do not quite understand what is meant by the same.

Yours very truly,

S. M. ENGLISH,
President & General Manager.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

NEW YORK, February 14th, 1910.

MR. S. M. ENGLISH,
President and General Manager,
Postal Telegraph-Cable Company of Texas,

DALLAS, TEXAS.

Dear Sir:—

Your favor of the 7th inst., comes to hand this morning and I note that you do not quite understand what was meant by my letter to you of February 4th. You, of course, are familiar with the contract and that provision in it which I referred to in my letter to you of February 4th. You doubtless have received also, a copy of my letter to Mr. Bethell of February 7th.

I am somewhat amazed that you should state that my letter furnishes the first intimation that the property of your company has come under the same control as the property of the Western Union Telegraph Company. Is it possible that you are unaware of the fact that officials of the American Telephone and Telegraph Company have recognized the anomalous position in which they find themselves and of the legally untenable position in which their control of the Texas Postal lines places them, and that they have offered to sell your lines to us? There certainly could be no stronger proof than this that your company and the Western Union have come under the same control and, hence, that we have a right to cancel the contract under the terms of the contract itself.

I take it that it will not be seriously questioned that your company and the Western Union, and consequently the properties of both companies, have come under the same control, that control being the American Telephone & Telegraph Company. I understand it is conceded that your company is controlled indirectly by the American Telephone and Telegraph Company and that the only contention is that neither the Western Union Telegraph Company nor its property are controlled directly or indirectly by the American Telephone and Telegraph Company. It certainly is very difficult for me to understand how any such contention can be made. It certainly is well known that the American Telephone and Telegraph Company has acquired about one-third of the capital stock of the Western Union and that the remaining two-thirds are scattered among twelve thousand small stockholders. It is also certainly well known that nearly one-half of the old Western Union directors recently resigned and men selected by the American Telephone and Telegraph Company were elected in their places and that Mr. Hall, the First Vice-President of the American Telephone and Telegraph Company, was then made Chairman of the Executive Committee of the Western Union Telegraph Company and he now directs and controls the Western Union's policy, and you must also be aware of the fact that the Western Union wires are rapidly being joined with the Bell telephone wires.

Under all these circumstances would it not be preposterous and absurd

for anyone to claim that the American Telephone and Telegraph Company does not control the Western Union or its property? If it does control them, then the even-odd contract is controlled by our contract with you, as expressed in the contract, place and the notice given you by my letter of February 4th is legal and effective.

Now in reply to your statement that you are no less vigilant in carrying out the contract on your part than you have been in times past; we have no criticism to make in that regard. The trouble is that no man can serve two masters and yet that is the predicament which your people have placed you in and which the terms of the contract authorize us to rectify by cancelling the contract. In fact, we think that your company should have been the first to say to us, that inasmuch as the American Telephone and Telegraph Company now controls the Texas Postal as well as the Western Union, your contract with us should be cancelled and that we should be at liberty to build and operate our own lines in Texas, and give competition to the general public.

What do you imagine the Attorney-General of Texas would do if it was called to his attention that all the telegraph lines in Texas have passed under the same control? We are not responsible for the present condition of things and we cannot consent to be a party to its continuation. It is our desire and right to carry on telegraph business in Texas in competition with the Western Union and you must realize that the only way in which we can do that is, first, by cancelling the contract as expressly provided by the terms of that contract. You must admit that this clause in the contract was intended to cover exactly the present situation and that there could not possibly be a stronger occasion for putting it into effect than exists right now to-day. That clause as you know, reads as follows:

"In the event that the Texas Company and the Western Union Telegraph Company property shall hereafter come under the same control, directly or indirectly, this contract may be terminated forthwith by the Postal Company."

In reply to your suggestion that the cancellation of this contract would leave your company without any connection with outside lines, we are entirely willing to buy your lines at their fair present value, or even at what they have cost you, if that cost is not too great. This would let you and your company out without loss, and certainly you could hardly expect to make a profit on those lines in view of the facts mentioned above, and of your intimation that those lines, without our connection, would be of little value. We would rather build our own lines because then they would be new and have neither too many nor too few wires for our purposes, but in the spirit of fairness we are willing, as stated above, to buy your lines at their fair present value if you desire to sell them. If not, we shall be obliged to construct our own lines in Texas.

Very truly yours,

E. J. NALLY,

Vice-President & General Manager.

**THE POSTAL TELEGRAPH-CABLE COMPANY
OF TEXAS.**

DALLAS, TEXAS, February 28, 1910.

MR. E. J. NALLY,
Vice-President and General Manager,
Postal Telegraph Cable Co.
NEW YORK.

Dear Sir:—

Yours of the 14th received. Your statement of facts, even if correct, would not warrant a termination of the contract under its terms, and we must therefore deny your right to terminate it, for the reason stated, or for any other reason.

Yours very truly,

S. M. ENGLISH,
President & General Manager.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

NEW YORK, March 5th, 1910.

MR. S. M. ENGLISH,
President & General Manager,
Postal Tel.-Cable Co. of Texas,
DALLAS, TEXAS.

Dear Sir:—

Your letter of February 28th has been duly received. We still insist that the contract has been duly terminated, and we base the notice of termination not only on the facts stated in my letter to you of February 14th, but on all the other facts and circumstances connected with the situation.

Very truly yours,

E. J. NALLY,
Vice-President & General Manager.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

NEW YORK, April 8th, 1910.

MR. U. N. BETHELL

Vice-President, American Telephone & Telegraph Co.

15 DEY STREET, NEW YORK.

Dear Mr. Bethell:—

As you are aware, Mr. Capen and I, accompanied by Mr. English, the President and General Manager of your Texas Postal Company, made an inspection in a general way of the lines of that company the latter part of last month, and we are now figuring as to what offer to make you for the property, as requested by you.

We presume the purchase will be of the entire capital stock of the Texas Company, and hence, it is necessary for us first to see the balance sheet, and if you have no objections and will send me the last balance sheet of that company, which I presume is December 31st, 1909, I will proceed with the matter at once.

In order to expedite matters I would also suggest that you cause the company to send to me copies of its outstanding contracts.

Very respectfully,

E. J. NALLY,

Vice-President & General Manager.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

NEW YORK, July 8th, 1910.

MR. S. M. ENGLISH,
President & General Manager,
Postal Telegraph-Cable Co. of Texas,
DALLAS, TEXAS.

Dear Sir:—

I write to confirm the fact that the contract between our respective companies was terminated by our notice of February 4th, 1910, and that we are now exchanging business on a day by day basis of division of the tolls, the same as were prescribed in that contract.

I wish also to state that we have decided to construct our own lines in your territory, and have already commenced condemnation proceedings against the Atchison, Topeka & Santa Fe Railway Company for a right of way from Wichita, Kansas, southward through Oklahoma to Fort Worth, Texas.

Kindly acknowledge receipt of this letter.

Very truly yours,

E. J. NALLY,
Vice-President & General Manager.

THE POSTAL TELEGRAPH-CABLE COMPANY OF TEXAS.

BOSTON, August 10th, 1910.

Postal Telegraph Company,
E. J. NALLY, *Vice-President & General Manager*,
253 Broadway, New York, N. Y.

Dear Sir:—

Your favor of July 8th, 1910, stating that your contract with this company was terminated by your notice of February 4th, 1910, has been submitted to the Board of Directors of this Company. The Postal Telegraph Company of Texas does not recognize your right to cancel the contract in question and insists upon the performance thereof by you and will hold you responsible for all damage which it may incur in consequence of your failure to carry out the same.

It is not true that the Postal Telegraph Company of Texas is directly or indirectly under the same control as the Western Union Telegraph Company, which is your alleged reason for your determination to cancel the contract. As you well know, there has never been a time when the Postal Telegraph Company of Texas was a more persistent or effective competitor for business with the Western Union Telegraph Company in its entire territory than it is at the present time. It has expended large amounts of money in developing and extending its lines and is prepared in the future, as in the past, to conduct its business with a view to the extension and development of the joint business of the two companies in competition with the Western Union Telegraph Company.

While this company prefers to continue to operate its own lines it would be willing to transfer to you the management of its property by means of a lease or an operating contract if you regarded such an arrangement as essential to the continuance of the present relations between the two companies.

Very truly yours,

EDWARD PAGE,

Assistant Secretary.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

New York, August 13th, 1910.

**THE POSTAL TELEGRAPH-CABLE COMPANY OF TEXAS,
501 Shawmut Bank Building,
BOSTON MASS.**

Gentlemen:—

Your letter of the 10th instant has been duly received, and it seems that the situation is that we claim the contract has been cancelled and terminated, and you claim that it has not.

Your suggestion that we take a lease of your property or make an operating contract with you, does not appeal to us, inasmuch as the American Telephone and Telegraph Company controls your company and also the Western Union. It is intolerable that our business in the whole or parts of Texas, Oklahoma, Louisiana, Arkansas, Missouri and Kansas, should be controlled by the same institution that controls our competitor, the Western Union.

Under these circumstances, it is a duty we owe to our company as well as to the public, that we should own and operate our lines in the territory mentioned above, in order that we may properly compete with the Western Union. It is not right that we should have as a lessor or operating contractor an ally of the Western Union. Our contract with you of October 19th, 1906, contemplated and provided against just that event. It gave us the right to cancel the contract if there should happen the event which actually did happen, namely, your company and the Western Union passing under the same control. It was the act of your people and not of ours that has brought this about.

We shall accordingly work out the situation on the above lines as soon as possible.

Yours very truly,

EDWARD J. NALLY,
Vice-President & General Manager.

THE POSTAL TELEGRAPH-CABLE COMPANY OF TEXAS.

BOSTON, August 24th, 1910.

POSTAL TELEGRAPH-CABLE COMPANY OF NEW YORK,
253 Broadway,

NEW YORK, N. Y.

Dear Sirs:—

We acknowledge the receipt of your favor of August 13th and understand from your letter that you are unwilling to continue the old or enter into any new arrangement with this company for the conduct of its business jointly with yourselves in competition with the Western Union Telegraph Company. The present situation as we understand it is, therefore, this:

You, on your part, claim that you have legally terminated the existing contract between this company and yourselves; that you have the right, and intend, to extend your own lines into the territory of this company, and to discontinue the present relations between the two companies whereby the two companies are at present operating jointly in competition with the Western Union Telegraph Company.

As we before notified you, we deny that you ever had, or now have, the right to terminate the existing contract and insist that it is still in force. The action contemplated by you, as you are well aware, will work serious injury to this company, and we shall hold you liable for all damages which this company may suffer in case your contemplated plan of action is carried out.

In order that there may be no misunderstanding with reference to our position we again state that this company is neither directly nor indirectly under the same control as the Western Union Telegraph Company, and that it is prepared to furnish conclusive assurances that it will be operated in the future as it has been in the past solely for the joint interest of this company and your own in competition with the Western Union Telegraph Company.

The suggestion that your company would not be fully protected against any conceivable interference on the part of the Western Union Telegraph Company by a transfer to you of the management of this company either by means of a lease or operating contract is too absurd to call for any serious consideration, for the reason that if you obtain the management of the property through a lease and operating contract you would be to all intents and purposes the owners of the property of this company. . .

Yours very truly,

EDWARD PAGE,

Assistant Secretary.

**POSTAL TELEGRAPH-CABLE
NEW YORK**

IPANY

NEW YORK, August 29th, 1910.

**THE POSTAL TELEGRAPH-CABLE COMPANY OF TEXAS,
501 Shawmut Bank Building,
BOSTON, MASS.**

Gentlemen:—

I have your letter of August 24th, in reply to my letter to you of August 13th. Your officers and also the officers of the American Telephone & Telegraph Company have admitted to me that the American Telephone & Telegraph Company controlled your company (the Postal Telegraph-Cable Company of Texas) on February 4th, 1910, the date when we notified you of the cancellation of the contract of October 19th, 1906. The officers of the American Telephone and Telegraph Company claimed, however, that that company did not control at that time, February 4th, 1910, the Western Union Telegraph Company. In regard to this, I would say that if any judge or jury should ever hold that on February 4th, 1910, the American Telephone & Telegraph Company did not control the property, directly or indirectly of the Western Union Telegraph Company, it would be a travesty on law and justice. The "Seventh" provision of the contract of October 19th, 1906 between your company and my company contains the following:

"In the event that the Texas Company and the Western Union Telegraph Company property shall hereafter come under the same control, directly or indirectly, this contract may be terminated forthwith by the Postal Company."

We are prepared to prove that on February 4th, 1910, the American Telephone & Telegraph Company controlled the Western Union Telegraph Company and hence indirectly its property, not only within the letter but within the meaning, spirit and purpose of the above mentioned provision of that contract. I am not now discussing the question of whether the anti-trust Act of Congress of July 2nd, 1890, or the anti-trust statutes of Texas, Oklahoma, Louisiana, Kansas, Arkansas and Missouri, rendered invalid the purchase by the American Telephone & Telegraph Company of enough of the stock of the Western Union Telegraph Company to enable the former to control absolutely the latter. Those are practically criminal statutes and are more or less strictly construed. I am referring to the fact that at least within the meaning of our contract on February 4th, 1910, the American Telephone & Telegraph Company had control of the organization and property of the Western Union Telegraph Company. In order that I may place before you the facts establishing that claim of ours, I quote the following from an affidavit which I made on July 6th, 1910, in the suit Postal Telegraph-Cable Company v. Silver City, El Paso and Southwestern Telephone

Company, now pending in New Mexico: namely that

"in or about the month of November (1909) said American Telephone & Telegraph Company purchased a large proportion of the entire capital stock of said Western Union Telegraph Company, the amount of such purchase, as deponent is informed and believes, being from twenty-five to thirty-five per cent. of the said entire capital stock, and that thereafter, on or about December 8th, 1909, the control and management of said Western Union Telegraph Company and its board of directors and organization was turned over to said American Telephone & Telegraph Company and its representatives, ten of the directors of said Western Union Telegraph Company having resigned on or about that date, and representatives of said American Telephone & Telegraph Company thereupon were elected directors of said Western Union Telegraph Company in their place and stead; that among said ten representatives of said American Telephone & Telegraph Company was Edward J. Hall the Vice-President of said American Telephone & Telegraph Company, and said Edward J. Hall thereupon was elected not only director but also Chairman of the Executive Committee of said Western Union Telegraph Company, and deponent further says that prior to that time said Western Union Telegraph Company was controlled by George J. Gould, John T. Terry, and the Estate of Russell Sage, these interests having been in control of the board and management of said Western Union Telegraph Company for many years last past, and deponent is informed and believes that all three of said interests, namely George J. Gould, John T. Terry and said Estate of Russell Sage, sold their holdings of stock in said Western Union Telegraph Company at said time, to wit, on or about the month of November, 1909, to said American Telephone & Telegraph Company and said latter company purchased in addition other shares of the outstanding capital stock of said Western Union Telegraph Company and by reason thereof and by an arrangement theretofore entered into and thereupon carried out said American Telephone & Telegraph Company by said purchase of said stock and by said changes in the board of directors of said Western Union Telegraph Company became and now is in complete working control of the board of directors, management, organization and business of said Western Union Telegraph Company, and said two companies to wit, said American Telephone & Telegraph Company and said Western Union Telegraph Company, are now operated in close connection and co-operation in competition with said Postal Telegraph System. Deponent further says that all competition between said American Telephone & Telegraph Company and said Western Union Telegraph Company has been eliminated throughout the United States and that said combination of said two companies is now engaged in taking from the above named plaintiff and all other telegraph companies making up the System known as the Postal Telegraph System all the telegraph business which said combination is able to take away from said Postal Telegraph System."

In fact, on November 16th, 1909—the very time when the American Telephone & Telegraph Company took charge of the board of directors, organization and property of the Western Union Telegraph Company—Mr. Vail, the President of the former, made a public announcement in which he said:

"The American Telephone & Telegraph Company has obtained control of a substantial minority of the Western Union Telegraph Company.

"From the very commencement of this business, it has been thought that a close cooperation between the telephone and the telegraph would give additional public service as well as result in large economies, both to the public and to the companies.

"There is much to be gained by the joint construction and maintenance of plant, and by its common use to the greatest possible extent, but the greatest advantage would follow the placing of the millions of telephone subscribers in close and reliable connection with the receiving and the dispatching offices of the telegraph companies."

And there have been numerous interviews in which the officers of those various companies admitted the condition of things described above. For instance, Mr. Hall in one interview said:

"In taking over a substantial interest in the Western Union Telegraph Company, the Bell company assumed a substantial obligation to the public in addition to that which it already had.

"The connection or relation between the telephone and the telegraph is not in any sense one of substitution, it is supplementary; one is auxiliary to the other."

And Mr. Brooks, the General Manager of the Western Union Telegraph Company, in one of his interviews said:

"Co-operation between the American Telephone & Telegraph Company and the Western Union, the dream of Theodore N. Vail, has brought about added efficiency to the telegraph service, and it will be our aim to further work together so that the telephone shall be a strong auxiliary of the telegraph."

I would also call your attention to the numerous changes being made in the Western Union organization by adding telephone representatives to their staff. E. Y. Gallaher, formerly Special Agent of the Telephone Company, has been made Auditor of the Western Union Telegraph Company. R. E. Chetwood, formerly of the Plant Department of the Telephone Company, has been made Engineer of Construction of the Western Union. W. E. Athearn, formerly Special Agent in charge of the Leased Wires of the Telephone Company, has been made Engineer of Equipment of the Western Union. William H. Baker, who was and is a Special Agent of the American Telephone & Telegraph Company, has been made a director and Vice-President of the American District Telegraph Company. E. D. Hall (a son of E. J. Hall), who for some years has been identified with the New York Telephone Company has been appointed Special Agent of the Western Union. M. C. Allen, formerly of the Telephone Company, has been made Division Plant Superintendent of the Western Union. Martin H. Clapp, another Telephone man, has been made Division Plant Superintendent of the Western Union. D. M. Therrell, a telephone man, has been made General Traffic Superintendent of the Western Union. W. C. Higgins, who was a telephone man, has been made Superintendent of Supplies of the Western Union. J. C. Hubbard, formerly a Division Supervisor of the

Telephone Company, has been made one of the Engineers of Construction of the Western Union Telegraph Company. These are a few of the changes which are constantly being made.

Can there be any doubt that the purpose and *effect* of the American Telephone & Telegraph Company acquiring that Western Union stock was to control the Western Union and its property, so as to carry out certain plans?

Turning again to your letter of August 24th, I note your suggestion that we take over the management of your company by way of a lease or operating contract. That is a contradiction in itself, because if we took a lease of your property or made an operating contract with you, we certainly would not be managing your company. Moreover, we do not care to undertake the management of your company. In view of your evident desire, however, to dispose of your telegraph lines, we are willing to purchase those telegraph lines if that is any object to you. We are willing to purchase them either in whole or in part, you retaining, if you so desire, an interest in some or all of these pole lines for your telephone wires, or retaining the right to string your telephone wires on the poles, but we would point out that your telegraph lines are thirteen years old and will have to be rebuilt at once, and we certainly would not be willing to pay more than their actual value, including right of way.

Coming now to your statement that our objection to a lease or operating contract is too absurd to call for any serious consideration on your part, because thereby we would become practically the owner of your property, we fail to see how we would thereby become practically the owner of your property, and moreover, there are fundamental objections to a lease, some of these objections being as follows: first, your lines are thirteen years old and should be rebuilt at once; second, a leasehold interest in a telegraph line is always unsatisfactory, because a leasehold interest always interferes with extensions, improvements, operation and management; and third, there is always present the certainty of the termination of the lease, and the restrictions imposed by a lease as to upkeep, etc., lead to conflict and trouble. As to an operating contract, that would be practically the same as the old contract which we terminated February 4th, 1910, and we cannot consider that for a moment.

Now as to the statement contained in your letter, that your company would continue to operate your property in the joint interests of your company and my company in competition with the Western Union. That is all very well, but how long do you imagine good, honest, keen competition would continue. Your former board of directors and your new board are Bell people in their connections, affiliations and interests. Their interests are now with the Western Union Telegraph Company. Even now the American Telephone & Telegraph Company is doing its utmost to take telegraph business from us and give it to the Western Union. It is also doing its utmost to combine the competing Atlantic cable companies so as to take cable business away from us. You may be very sure that it is

only a question of time when your
secretly favor the Western Union
with us as it should be carried out. If you do not see the propriety of the
position we take in regard to this whole matter, you do not realize the
position we are in, having been placed there by the action of your people
an emergency which the contract expressly contemplated as a good reason
for our cancelling the contract. No man can serve two masters and yet
that is what your company proposes to do. For illustration, I have before
me a copy of a letter written to you by your attorney on November 29th,
1909, stating that a certain decision would help your company because it
would probably cause some of your company's patrons to patronize the
Western Union.

In reply to your statement that you will hold us liable in damages
if we construct our own lines in that territory, I would again say that
your people brought this upon themselves and we had no hand in it, and
the honorable and manly way is for you to admit that fact and accept the
consequences of your own act as contemplated by the contract, and tell us
to go our way free from the contract, instead of trying to hold us to a
contract of allegiance after you have allied yourselves with our competitor.
We shall continue the course we have decided on.

Very truly yours,

E. J. NALLY,
Vice-President & General Manager.

**THE POSTAL TELEGRAPH-CABLE COMPANY
OF TEXAS.**

Boston, September 9th, 1910.

POSTAL TELEGRAPH-CABLE COMPANY OF NEW YORK,
253 Broadway,
NEW YORK, N. Y.

Dear Sirs:—

We acknowledge receipt of your favor of August 29, 1910.

The question of whether or not the American Telephone & Telegraph Company was in control of the Western Union Telegraph Company on February 10, 1910, is no concern of ours, except so far as you attempt to make use of it as a reason for cancelling your contract with us. Even if you should by any possibility be able to maintain your claim in that respect you are attempting to take advantage of a mere technicality.

No injury has been done to your Company, and there has been no time when the joint business with your Company has increased to such an extent as within the past year. In any event, there is no basis in fact for any claim that this Company is at the present time owned or controlled, directly or indirectly, by the American Telephone and Telegraph Company.

We assumed in suggesting a lease to you that it would be for a long period of years—say for 99 years—which would obviously meet all the objections which you raised to a lease.

If you prefer to buy the property and business of this Company, we are ready to sell it to you at a fair price.

Yours very truly,

EDWARD PAGE,
Assistant Secretary.

**POSTAL TELEGRAPH-CABLE
NEW YORK**

SPANY

New York, September 13th, 1910.

POSTAL TELEGRAPH-CABLE COMPANY OF TEXAS,
501 Shawmut Bank Building,
BOSTON, MASS.

Gentlemen:—

In reply to your letter of the 9th inst., you are entirely right that the control which the American Telephone and Telegraph Company had over the Western Union Telegraph Company on February 4th, 1910, is the reason why we cancelled our contract with you, but I am amazed at your statement that we are attempting to take advantage of a technicality. You are the people who are attempting that. The contract contains the following provision:

"In the event that the Texas Company and the Western Union Telegraph Company property shall hereafter come under the same control, directly or indirectly, this contract may be terminated forthwith by the Postal Company."

Your company admitted that on February 4th, 1910 (the date when we cancelled the contract) your company was controlled by the American Telephone and Telegraph Company. But your company contended that on that date neither the Western Union nor its property was controlled either directly or indirectly by the American Telephone and Telegraph Company.

You claimed (notwithstanding the array of facts to the contrary set forth in our last letter to you) that although the American Telephone and Telegraph Company had acquired about one-third of the capital stock of the Western Union, and had made extensive changes in its board of directors, officers and staff (the old controlling interests having resigned and the Bell Telephone new controlling interests having taken control of the board) and had assumed charge of the policy and business of the Western Union, yet that it, the American Telephone and Telegraph Company, had not acquired *control*, directly or *indirectly*, of the property of the Western Union. If that is not an attempt to take advantage of a technicality and, in fact, to create a technicality and the narrowest of technicalities, then I don't know what the word "technicality" means.

On our part there was nothing of the sort. That provision was put into the contract at our instance and for our protection, and when you by the acts of your people put yourself into a position where that provision applied legally, morally and in every other way, we acted just as the provision prescribed clearly we should have the right to act. If we had

brought about this situation you might reasonably claim that we are relying on a technicality, but in view of the fact that Bell Telephone interests brought it about, without our knowledge, consent or wish, it is, we think, with poor grace that you complain that we are resorting to a technicality.

It is very fortunate indeed for us that the contract enables us to protect ourselves against such an illegal and dangerous situation as exists. Evidently you yourselves appreciate that danger, because I see that within the past few weeks you have elected a new Board of Directors, and I understand have made some transfers of stock in view of the intention of the American Telephone and Telegraph Company to assume the absolute and direct control of the Western Union Telegraph Company. This recent action of yours is in itself positive proof that our position is legally and morally just, and that technical moves are being made by you and not by us.

You are right that the joint business of our two companies has increased during the past year, but that is due to the fact that the telegraph business of all telegraph companies has increased during the past year. Our solicitude is not as to that, but is as to the future. As stated in our previous letter, we cannot imagine how your company, while under the control of Bell Telephone interests can permanently give good, honest, keen competition against the Western Union, when those same Bell Telephone interests control also the Western Union, and there would be a continual temptation to throw as much of the Texas Telegraph business as possible to the Western Union, because the Bell Telephone interests get all of the tolls from the telegraph business that goes to the Western Union, while it would get only a part of the tolls for such of the Texas telegraph business as your company should handle in connection with my company. We cannot afford to, and it would be preposterous for us to have Bell Telephone interests handling our business in Texas and those other states for the next thirty-six years, as would be the case if we allowed the contract to continue, and you may be very sure that the State of Texas itself would demand the divorce of our interests very quickly and peremptorily, if any attempt should be made to continue the present situation of Bell Telephone interests controlling the Western Union business in Texas and also our business in Texas. The Waters-Pierce experience shows what would happen and we object to being mixed up in any such proceeding, the present situation being no fault of ours.

Your statement that a lease for ninety-nine years would answer our purpose does not appeal to us. We prefer to be in a position where we can operate under our own franchises alone (free from telephone complications and obligations) change routes, abandon lines no longer needed, take down wires and poles and ignore the separate identity of particular parts of our property freely and without restriction, all of which we could not do under a lease.

We note your statement that you are ready to sell us the property and

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Very respectfully,

E. J. NALLY,
Vice-President & General Manager.

**THE POSTAL TELEGRAPH-CABLE COMPANY
OF TEXAS.**

Boston, September 15th, 1910.

THE POSTAL TELEGRAPH-CABLE COMPANY OF NEW YORK,
253 Broadway,
NEW YORK, N. Y.

Dear Sirs:—

Your communication of September 13th was laid before the Directors of this Company this day, and the matter of relation of this Company to your Company was left to a Committee consisting of Messrs. Taylor, Snow and Richards with full power.

Yours truly,

EDWARD PAGE,
Assistant Secretary.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

NEW YORK, September 28th, 1910.

POSTAL TELEGRAPH-CABLE COMPANY OF TEXAS,
BOSTON, MASS.

Dear Sirs:—

I write to state that our offer to purchase your lines at their actual value is not to be considered as being open indefinitely, inasmuch as we shall construct our own lines as rapidly as possible. Hence, unless you should care to accept our proposition, in say two weeks from this date, you may consider the offer withdrawn.

Yours very truly,

E. J. NALLY,

Vice-President & General Manager.

THE POSTAL TELEGRAPH-CABLE COMPANY OF TEXAS.

BOSTON, October 11th, 1910.

POSTAL TELEGRAPH-CABLE COMPANY OF NEW YORK,
E. J. Nally, Esq., Vice-President,
NEW YORK CITY.

Dear Sir:—

Replying to your favor of September 28, this Company is willing to sell its lines to you at their actual value as a going concern, but without reference to any value which might be attached to the existence of the contract with your Company.

It is not clear from your letter of September 13, what you mean by "actual value." If by the words, "actual value of tangible property," you mean merely the value of the copper, poles, etc., which form a part of our system, we do not care to consider your offer.

Yours very truly,

The Postal Telegraph-Cable Company of Texas,
EDWARD PAGE,
Assistant Secretary.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

New York, October 13th, 1910.

THE POSTAL TELEGRAPH-CABLE COMPANY OF TEXAS,
501 Shawmut Bank Building,
BOSTON, MASS.

Gentlemen:—

Your letter of the 11th inst. comes duly to hand in reply to my letter of September 28th, and I would say that in our previous letter of September 13th, when we expressed a willingness to buy your tangible property at its actual value, we did mean the value of the copper, poles, etc., but we did not mean their value as dismantled. A telegraph line has, of course, a very much greater value with the poles standing and wires strung than it would have if the wires had to be taken down and sold or transferred to another line. We would not expect you to sell to us your tangible property at its dismantled value, but on the other hand, we are not willing to pay anything more than the value of the lines as they stand. As stated in our letter of February 14th, we would prefer to build our own lines instead of buying lines which are thirteen years old, but at the same time if you wish us to buy your lines we are willing to do so.

We understand that you figure that we should pay for your local business, but we do not care to do that, because we can build up our own local business, and moreover, every telegraph line that has attempted to do a local business only has failed, because the public will not patronize a telegraph company that cannot take care of business to all parts of the country. The whole history of telegraph companies in this country has demonstrated that. We are proceeding to construct our own lines in that territory from Wichita southward, and when our lines have been constructed we shall not only do through business, but also a local business.

When you state that you are willing to sell your lines as a going concern without including any valuation growing out of our former contract with you, which we cancelled February 4th, we do not know exactly what you mean. As you are aware, I examined in a very general way your lines last Spring with our Mr. Capen, and we agreed on the approximate value of the lines on a liberal basis. We are willing to consider purchasing them on that basis, subject to increase or decrease as a more careful examination may show, but as stated above, we are not willing to pay for your local receipts, inasmuch as we expect to give that local service on our own account and at our own expense hereafter, and we do not feel justified in bargaining away in advance what little profit there may be in it.

Very respectfully,

EDWARD J. NALLY,

Vice-President & General Manager.

THE POSTAL TELEGRAPH-CABLE COMPANY OF TEXAS.

Boston, October 18th, 1910.

POSTAL TELEGRAPH-CABLE COMPANY OF NEW YORK,
E. J. Nally, Vice-President,
NEW YORK CITY.

Dear Sirs:—

We acknowledge the receipt of your favor of October 13th. This company by reason of the manner in which it has conducted its business and has attended to the wants of the public has created a business which has been worth to your company many hundreds of thousands of dollars a year. You now propose that we shall turn this over to you for nothing, and state in effect that unless we accept your terms you will, through your superior resources, drive us out of business. In order to accomplish this you claim that for a short period of time this company and the Western Union were under the same control and that you are thereby permitted to cancel your contract with this company. You admit that up to date your company has not suffered in any way, but that the joint business has constantly increased. Moreover, we have repeatedly offered to place the entire management of this company in your hands either by sale of a fair valuation or by lease, so that you can be assured that this company's business will be conducted in the future as in the past for the joint benefit. If you are able to effect your purpose, well and good. This company will not accept your offer, nor will it voluntarily submit to be driven out of business as you propose.

Yours very truly,

EDWARD PAGE,
Assistant Secretary.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

NEW YORK, October 21st, 1910.

POSTAL TELEGRAPH-CABLE COMPANY OF TEXAS,
501 Shawmut Bank Building,
BOSTON, MASS.

Gentlemen:—

We have your letter of the 18th inst., and while its tone is not at all pleasant, yet inasmuch as you apparently wish to reopen the discussion of the merits, we are entirely willing to do so.

You state that you have created a business which has been worth hundreds of thousands of dollars a year to this company. The answer to that is that we have given business to YOUR company worth a great many hundreds of thousands of dollars and that without that business, which we gave you, your company could not have survived for a year, and the past obligation, if any, is on you and not on us. In fact, you realized this so keenly that in the original contract between the two companies of May 26, 1896, you insisted, and very properly insisted, that in case we sold out to a competing company, you should have the right to compel us to buy your property.

That was the purpose and effect of the "Twelfth" provision of the contract of 1896, and you will notice that the price we were to pay for your property was its fair value, not to exceed the cost. That provision by its terms applied to either company, but it was put there for your protection inasmuch as we furnished the only available outlet for your business.

Some time after that contract of 1896 was executed and put into operation, the American Telephone and Telegraph Company purchased your entire capital stock, and then when in 1906 the renewal contract was made, we felt that we needed some protection against what you and the American Telephone and Telegraph Company might do, and so we insisted that in the contract of 1906 the following clause be inserted for our protection:

"In the event that the Texas Company and the Western Union Telegraph Company property shall hereafter come under the same control, directly or indirectly, this contract may be terminated forthwith by the Postal Company."

That renewal contract of October 19th, 1906, was to run until 1947. It accordingly was a proper provision, and, as it turns out, a very wise provision, that we should be allowed to go free from the contract upon your company and the Western Union Company coming under the same control, as they did last year by the action of the American Telephone and Telegraph Company acquiring control of the Western Union at the same time that it still owned your entire capital stock.

We fail to see where you have any grievance on account of our doing exactly what the contract contemplated we might do. On the merits and justice of the case, do you think it right and proper that for the next thirty-seven years we should be obliged to allow you to handle all of our messages going into Texas, and that we should be excluded from doing any business in your territory during those thirty-seven years, even though the entire capital stock of your company should during that entire time be owned by the Bell Telephone interests, which interests even now are seeking to take from us as much of our business on land and sea as they possibly can? Is that a fair proposition, and do you mean to say that we were not justified on February 4th last in withdrawing from the contract, especially as the contract allowed us to withdraw from it under such circumstances? To our mind the position which you take is the height of injustice, to say nothing of an attempted repudiation of that provision of the contract which allowed us to withdraw from the contract and go free and build our own lines in that territory and transact our own business instead of having our business in that territory in the hands of interests which are unfriendly, to say the least.

Turning again to your letter, you state that we now propose that you turn over to us your business for nothing. We propose nothing of the sort. We do not ask you to turn over to us either your business or your property. We prefer to build our own lines and build up our own business in that territory. We prefer not even to buy your lines at all or any part of them, because if we build our own lines they will be new and exactly what we wish. Moreover, we have had experiences in the past in buying old telegraph lines, and in every instance have found that we would have been far better off if we had built our own lines.

Again you say in your letter that we state in effect that "unless we accept your terms you will through your superior resources drive us out of business." Where in our letters do you find anything that for an instant will bear that construction? We have no wish or intent to drive you out of business. On the contrary, you are entirely at liberty to continue your business indefinitely, and you will find that you will experience nothing but fair treatment from us. Instead of hostility on our part you will find that, while we shall compete with you, we shall be willing to help you whenever we can, so far as consistent with our legal obligations and duty to the public.

As to your statement relative to our superior resources, that is an astonishing statement, in view of the fact that you have back of you something like eight hundred millions of dollars of resources, while we are up against one of the greatest combinations in the world, and this combination, as stated above, proposes to take away from us as much of our telegraph and cable business as it possibly can. We do not complain; we are merely pointing out facts.

Again in your letter you state that we claim that for a short period of time your company and the Western Union were under the same con-

trol, and hence we were thereby permitted to cancel the contract. We think we have demonstrated in our previous letters that your company and the Western Union were, and so far as we know, still are under the control of the American Telephone and Telegraph Company. That being the case, we were allowed by the contract itself to cancel the contract. We have discussed this point so often in our letters that we presume it unnecessary to elaborate it further.

Then in your letter you say that the joint business has constantly increased. Of course, it has increased, just as the telegraph business has increased everywhere in the United States, but that increase has been due much more to our system and extensions, and to the development of Texas itself, than to anything which your company has done. In any case, does the fact that the business has constantly grown, obligate us to allow our competitors to control our Texas connections for the next thirty-seven years? If the recent combination of the Bell Telephone and the Western Union had not been made, we certainly would never have cancelled the contract at all. We are not complaining of your conduct in the past, excepting of your conduct in connection with the cancellation of this contract, and we fail to see how our cordial co-operation with you in the past, when you had every inducement to compete strenuously with the Western Union, has anything to do with the situation now when the interests which own your entire capital stock are hostile to us and friendly to the Western Union.

Again, you state in your letter that you repeatedly offered to place the entire management of your company in our hands by sale or lease, so that we can be assured that your business will be hereafter conducted for the joint benefit. You certainly have offered to sell your property to us, but you apparently want an exorbitant price for it. We responded by offering to purchase it, although we preferred not to purchase it, but you wanted us to pay a price representing not only the property which you had, but also your future profits capitalized, although those profits would have to be earned by us. Your statement that you have offered to place the entire management of your company in our hands is incorrect. If you sold your property to us we would have nothing to do with the management of your company. That management could still remain in your hands, as it should,

Finally, in your letter you say that you will not voluntarily submit to be driven out of business, as we propose. We would repeat the question asked above, namely, what have we done or said indicating in the slightest that we propose to drive you out of business? On the contrary, the whole contest is over the question of whether our business in the states where you operate, namely, in Texas, Arkansas and Oklahoma and parts of Kansas and Louisiana shall for the next thirty-seven years be in the hands of the friends and allies of the Western Union, or whether we shall go free from that contract as allowed by the contract itself.

It, of course, is a great object to the Bell Telephone Company and the Western Union that they or their allies should control our business in

those five states for the next thirty-seven years, but we shall not accept that situation. We are going to go free from that contract, because we are entitled to go free in justice and by the terms of the contract itself, and we have determined to go free no matter what the consequences may be. We do not think that the action of the American Telephone and Telegraph Company in selling your capital stock to its bankers and allies for the sole purpose of preventing our cancelling the contract, in other words, for the sole purpose of preventing our building our own lines and doing our own business in that territory will succeed. We hardly think that was a creditable proceeding, and we would add that we think that that kind of subterfuge will not stand investigation for a moment from any point of view.

Very respectfully,

EDWARD J. NALLY,

Vice-President & General Manager.

POSTAL TELEGRAPH-CABLE COMPANY
NEW YORK

NEW YORK, November 1st, 1910.

POSTAL TELEGRAPH-CABLE COMPANY OF TEXAS,
501 Shawmut Bank Building,
BOSTON, MASS.

Gentlemen:—

We have received yours of the 28th ultimo, and inasmuch as there seems to be nothing further to discuss we will consider the correspondence as closed.

Very truly yours,

E. J. NALLY,
Vice-President & General Manager.

THE POSTAL TEL

-CABLE COMPANY

L T S.

Boston, October 28th, 1910.

POSTAL TELEGRAPH-CABLE COMPANY OF NEW YORK,

Mr. E. J. Nally, Vice-President,

NEW YORK, N. Y.

Dear Sirs:—

We acknowledge the receipt of your favor of October 21st. As to how far some of the statements made in your letter are correct the correspondence will speak for itself. We have declined your proposition for the purchase of our property because the terms suggested by you are, in our judgment, unfair and inequitable, and would never have been suggested by you unless you believed that you could force this Company to accept your terms.

You apparently attempt to justify your position by enumerating various grievances which you claim to have against the American Telephone & Telegraph Company upon the theory that this Company is owned by the Telephone Company. Contrary to your expressed belief this is not the fact, and we have no concern in any grievances which you may claim to have against the Telephone Company. We repeat that this Company is willing to sell its property to you at a fair valuation.

Yours very truly,

EDWARD PAGE,

Assistant Secretary.

Postal Telegraph-Cable Company of Texas.



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system o
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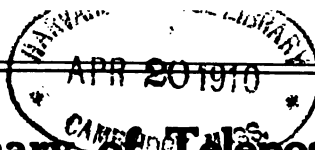
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eatly incre

special uses of wire service.

The Telepost is now in public service op
parts of the country, east and west.

The Telepost is steadily extending its syst
time serve the entire country with the best,
the most convenient, the cheapest and the
graph in the world.

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e of



Summary of Telepost Values

THE evidence presented in the following pages shows conclusively that the **Telepost is the most rapid** means of graphic transmission in the world, having a speed of to 5,000 words a minute.

The Telepost is **the least expensive** system of telegraphy in every matter of construction, maintenance and operation.

The Telepost can send more messages over **one wire** than the old companies can send over sixty-five wires.

The Telepost rates are the cheapest in the world the minimum charge being but **one cent a word**.

The Telepost transmits by wire **25 words for 25 cents, 50 words for 25 cents or 100 words for 25 cents** according to the service.

The Telepost has a **uniform rate for all distances**, just as the Government has a uniform rate of postage for all parts of the country.

The Telepost transmits 25-cent messages at an average cost of 11 cents a message and therefore makes an average net of **14 cents a message**.

The Telepost will make an annual **net profit of \$14,000** on the basis of 100,000,000 messages, the number of commercial messages now transmitted yearly by the old companies, against which they are able to make but \$5,600,000 profit. (Western Union's latest Annual Report.)

The Telepost offers **new and remarkable conveniences** in graphic communication that will greatly increase the popular and special uses of wire service.

The Telepost is **now in public service** operation in all parts of the country, east and west.

The Telepost is **steadily extending** its system that will in time serve the entire country with the best, the most accurate, the most convenient, the cheapest and the most profitable graph in the world.



business has paid better in the past years than the telegraph. From a modest experimental beginning it has grown to prodigious power. A company with a capital of only \$385,700 in 1858; today the two old companies had a capitalization of \$220,293,575 are at the present telegraphic needs of and dare not encourage the enormous rates that only awaits adequate service rates.

Telepost Company is chartered to do a telegraph business throughout the United States (and the Delany Automatic Rapid Telegraph hased outright) with its working speed of 1000 words a minute over a single wire. The company has a uniform rate for telegrams for 25 words, regardless of distance. A letter ("telepost") of 50 words, or of 100 words for the same price.

Investors for Telepost stock have already subscribed on an operating basis and the working capital needed is forthcoming as can be used in the construction of equipment of stations.

Accuracy of Hand Transmission Is Proven As Its High Cost

Transmission, of the old companies,

can never be relied upon for more than an average of fifteen words per minute, though an expert may occasionally transmit as many as fifty. Speed with precision and freedom from error can be obtained only by the use of automatic telegraphy, operating mechanically.

The history of the Telepost, like that of revolutionizing inventions, is interesting on account of the seemingly insuperable difficulties that have been overcome, and the success of Patrick Delany in so perfecting his system of rapid automatic telegraphy that it corrects all the shortcomings of earlier experiments in the same field, affords a striking example of what indomitable perseverance can accomplish against the "impossible."

Success Where Others Failed

There have been several devices for sending messages automatically, but there was one defect in every agency with which the electricians could not do what they did not know how to control the "static" charge of a telegraph wire. This force continually baffled inventors, and in spite of occasional brilliant performances their general averages were well above that of the old hand-sending methods.

Mr. Delany, the most eminent of living telegraph inventors and engineers,* had watched with interest the experiments and had reached conclusions of his own. He continued his investigations until he discovered not only how to control the hitherto hostile "static" force, but, more important still, how to utilize it, and soon had the envied distinction of receiving from the United States Government a broad basic patent covering his system of making and revolutionizing discovery. He at once put the system into experimental operation. Within a year's daily service, in all kinds of weather, winter being one of uncommon severity, the Telepost demonstrated Mr. Delany's bold claim that he had solved the problem of rapid telegraphy by making the static energy of a wire his servant, not his antagonist. The Telepost shows its practical working speed of 1000 words a minute as proof against weather or atmospheric change of any kind. It is not disturbed by "vagrant currents" or influenced by outside electrical conditions; it is not "sensitive" to magnetic annoyances. Telepost is now in successful commercial operation in New England and the Middle West, and is fast extending its service.

Mr. Delany's Synchronous Multiplex System of Telegraphy, which he sold to the British Government for \$150,000, and his Anti-Induction Cable, on which was founded the Standard Underground Cable Company of Pittsburgh, probably the largest cable manufacturing concern in the world, were two of his most important contributions to telegraphic science before his invention of the Telepost system.

zing Benefits Conferred on the General Public

scientific realization of a long-suspected y insures to the public a message service es the comprehensiveness of the letter with l of the telegram:

GRAM OF 25 WORDS
mitted by wire and
ed by messenger.

POST OF 50 WORDS
graphed, utterances
by wire and deliver-
nally.

TAPE OF 100 WORDS
and prepared in the
dress, utterances
of the general and
ed. To be sent by
with a transcription
Telepost Company.

Between Any
Two Points in
the United States
connected by
Telepost Wires

**FOR
25
CENTS**

ementing these three distinctive services
elecard, a social convenience, treated the
a Telepost, that allows the sending of ten
r to cents.

ollowing description of the Delany system is
e "**Scientific American**" and clearly
how the new and wonderful speed and
ss are obtained.

ams Sent by Automatic Machinery

Delany System is designed to transmit and
messages at the rate of one thousand words a
ver a distance of one thousand miles, though
l of eight thousand words a minute has been
on a short experimental line.

ages are sent by means of a perforated tape,
prepared in the perforating machines. The
rawn at any desired speed through the per-
FOR MANY forating machines under a pair of
OPERATORS steel punches. Each of these punch-
SE es is operated by a magnet. The

are controlled by the usual Morse transmitting
downward stroke of the key causes one of the
to operate, and upon release of the key the
ch operates. Thus, each operation of a key,
for a dot or a dash, serves to make two per-
one near the upper edge and the other near
r edge of the tape. The primary and second-
orations have an angular relation to each
hich is due to the fact that the tape is con-
nning, and which varies with the interval of
ween the downward stroke and the release of

n a message has been perforated in the tape
r is passed through the transmitting machine.

IG A Here the primary perforations co-op-
SE erate with the suitable mechanism to
send positive electric impulses through
while the secondary perforations permit the
of negative electric impulses.

perforated tape at the transmitting end passes
two primary contact fingers and two second-
ict fingers. When the primary fingers make



a contact through the perforations in the
send a positive impulse over the line. TI
is followed at the proper interval by the n
pulse by contact of the fingers through the
perforations.

"The signal or impulse is electrolytical
at the receiving end on a chemically pre-
by means of an iron
ELECTRO-CHEM- connected with the
ICALLY PRINTED platinum electrode
to earth. The current passing through the
chemical tape from the iron electrode to th
electrode forms a blue mark on the tape,
tact point of the iron finger.

"The practical advantages of this syst
readily comprehended. A
ONE WIRE perforating machines can
FOR MANY connection with a single
OPERATORS so that a large number o
can be prepared simultaneously, and tl
through the transmitter at speeds of 1,0
words a minute.

"Furthermore, Mr. Delany has invented
ing machine, which is operated from a key
ilar to that of the typewriter. This can f
by any office typist at twice
TYPISTS AS at which the Morse ke
OPERATORS narily operated, and, if c
be used in any business office to perforat
on the tape. The tape can be sent to th

ABSOLUTE station, and run at high sp
SECRECY the transmitting machine.
ceiving end the record m
scribed before being sent out [a telegraph
post], or the original [a teletape] may be
destination, where any typist who has had
practice can reproduce the message in
form, and in this way absolute secrecy in
the message can be maintained."—*TH
American.*

Low Cost of Operating

Bear in mind that speed of transmi
one of many economies of the Tel

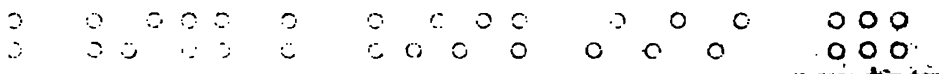


Illustration above shows the perforated tape used for transmitting and the one below for receiving. The clearly defined telegraphic characters, recorded perfectly, allow of none of the errors made in transcribing from sound as practiced by an ordinary typist. This insures accuracy. An ordinary typist, with two days' training, can translate these tapes in half the time a skilled operator can write the message from sound. This means 50-gram, or 50-word teleposts, or 100-word teletapes for 25 cents, regardless of distance.

E L E P O S

observer is likely to look upon the sending tape and the transcribing of the tape as two *additional* operations added time and cost and partially offsetting gain of speed in transmission; but that is true will be readily seen by any one familiar with telegraphy. Under the old system, all messages must be transcribed into ordinary English into Morse, and at the end they must be re-translated into English. But under the old system of operation the cost of these two operations is each case more than double that of the new, because the speed at which a message is taken and "translated" is determined by the slower operator of the two, the "sender," and is likely to be still increased by "breaking" and repetition of words or parts of a message which the operator was unable to get clearly for various reasons: whereas, under the Tele-

post System the sending and receiving is as convenient "reservoirs" into which messages can be "pumped" by the typist working the keys at approximately two to six times faster than an ordinary operator will manipulate his keys, with much greater accuracy. The Telepost operator draws from his "reservoir" at his own dependent speed—never halted by an interruption and never needing to ask for a "repeat," he has the whole message before him accurately and permanently printed in telegraphic characters, and transcribes through the key with a sure sense of sight rather than the hazy and fleeting sense of sound.

Thus it is seen that the Telepost ("inexpensive half-inch strip of paper") not only doubles the output of the ordinary operator in a given time under the old system. This represents an operating cost to less than one-half, and an additional saving to be added to the savings represented by the great speed of transmission under the Telepost system.

An Advantage in Emergency

Suppose, as an illustration, a storm of snow or sleet breaks down the lines, severing communication between two or more large cities. By the Western Union or Postal methods, nothing can be done to further the dispatch of messages or telegrams until the wires are connected and in working order, and then as the circuits are busy messages can be sent out only as fast as the operators can work their keys on each individual line as it is brought into service. While under the Telepost system, the messages would be in the shape of perforated tape as fast as they were brought in, and the moment the line was cut in, the reels of perforated tape would be sent through the transmitter at 1000 words more per minute, thus working off the backlog of hours in short order; the delay is slight compared with the hand-transmission of the old companies.

TELEPOST ALPHABET		
U	..	1
V	...	2
W	....	3
X	.....	4
Y	.....	5
Z	.....	6
.	.....	7
,	.....	8
@	.....	9
¶	.....	0
Period	.....
Comma	.....
Paragraph	.....

is practically the Continental, or as it is now called, the dot and dash code, with the addition of the character for brevity, the substitution of the Morse Paraphrase (.....) and a new combination (.....) for the above exceptions. It is the code used everywhere for telegrams and for all land lines outside of the United States here those proficient in it command better pay than the ordinary Morse operator.

Compare The Profits

Before the first line was opened for commercial business, telegraph experts had determined by repeated tests of the Telepost system, over telegraph and telephone wires, that the average cost of handling messages, just as they come over the counter, would be considerably under 11 cents a message, whether the 50-word telepost, or the 25-word telegram, or the 100-word teletape be used. The practical workings of the lines now in operation show that these estimates were well within the facts. Consider what the figures below mean not alone to the Stockholders of the Telepost, but to the business men of the country now deprived of the free use of the telegraph:

Average charge of the older Telegraph companies for a 10-word message . . . 34.1c.
Net cost per message to the older Telegraph companies 28.5c.
Net profit per message to older companies 5.6c.

Telepost charge for the 50-word telepost or the 25-word telegram or a 100-word teletape by the Delany System of Automatic Telegraphy 25.0c.
Net average cost per message to the Telepost Company 11.0c.
Net profit per message to the Telepost Company 14.0c.

The five needlessly expensive features which compel the older telegraph companies to charge from 25 cents to \$1.00 for a ten-word message are:

- hand-transmission (15 words a minute instead of 1,000 words a minute).
- heavy plant cost (the erection of many wires where one would suffice to do the work).
- expensive maintenance (many wires to be kept in repair instead of one).
- an antiquated system of tolls such as the post-office in its infancy discarded as unpractical.
- needless expense of accounting, adjusting, auditing and collecting—to say nothing of bad debts.

Each of these five items of cost the Telepost system has either eliminated or reduced to a minimum. The only factor in the handling of telegrams which is the same with the new company and the old is the messenger-boy to call for and deliver the message in the case of the 25-word telegram or the 100-word teletape; but even this item of expense is eliminated in case of the 50-word telepost and the 10-word telecard, which, though automatically telegraphed, are delivered through the post-office.

Telepost Will Profit by Post-Office Experience

The telepost sending-blank, costing 25 cents,

Young lady in Chicago
Telepost tape at the ra
board perforator. The message thus perforated
over the wire at the rate of 1000 words a minute.

is good for a 50-word telepost telegram or a 100-word teletape, and pays for that service at any Tele United States. A five-cent telest additional words of a telegram or to additional words of a teletape.

(25 cents) prepay a reply. opened and there is only one p this respect the function of the exactly that of the United stamp: the first prepays the te the latter prepays the letter tha The Telepost is flashed over the v be delivered and answered while a is being stamp-cancelled, assorted and carried on a mail-wagon to the

The old-time telegram can

The 10-word message costing 25 York City to Coney Island or New San Francisco, belongs to the pas one form charges 10 cents to carry from New York to Coney Island, form, 25 cents to carry a 10-word same place. This is bad enough, 1 (and often does) arrive before the announce his coming! Like the 5-paper and \$2.00 gas, the 10-word gram costing from 25 cents to \$1.0 enough in its day—but its day has

Cheaper Telegraphy

The American business man abroad is always amazed at the convenience of the foreign telegraph, with which it is used by all

of men.

average time in England between the filing of a telegram is half an hour, while in America—well, each reader may fill out this sentence in his own experience!

low rates of the foreign countries do not, however, mean a superior service. On the contrary, the large increase of business with old methods has resulted in more mistakes in the ordinary course of business and more delay when storms interfere with the service, and messages accumulate. The people of America have cheaper rates than America has here—enjoyed, but they have not got the cheap, accurate and secret service which the Telephones give. No other method can even approach the telegraph in speed, reliability and economy. Even the Telepost and all other telegraphy, there is a wide and deep gulf.

the pieces of postal matter are mailed in the United States in proportion to the population than in any other country, the comparison in the United States is named being:

70	a year per capita in France.
86	" " " " " Great Britain.
135	" " " " " United States.

how many of the 11,400,000,000 letters the Americans are now sending every year by train-carried mails will be converted into word teleposts?

there are over 12,000,000 letters sent each year in the United States by special delivery.

how many Americans will pay twelve cents for special delivery when two cents less will pay for a telecard or thirteen cents more will pay for a letter?

A Great Increase Is Inevitable

During the year ending June 30, 1907 (the date covered by U. S. Government statistics), the Western Union and Postal Telegraph Company handled 103,794,076 commercial messages, which was a 26 per cent increase over the last pre-census report (1902). No one pretends that the telegraph presents the number of telegrams the American public will use annually when given cheap rates! Lowering of telegraph rates in Great Britain and Europe (though in no case was there so sweep-

ing a reduction as that which the Western Union Company is making) says doubled the volume of business quadrupled the volume of business reduced rates in this country will produce much greater results.

The comparative intelligence of the people named is clearly indicated by their apparent use of cheap postage; but because of the fact that the United States has hitherto made no comparison with France and Great Britain, a still more unfavorable one with New Zealand, the popular use of the telegraph, as the latest available statistics, the disparity is more notable because of the short mail in the latter countries, which admit of an exchange of letters and reduce the telegraphic service.

1.23	messages a year per capita in Un
2.27	" " " " " " " " Gr
5.05	" " " " " " " " Ne

Or, stating the facts in another way: if the United States enjoyed a telegraphic service on a par with that of Great Britain or New Zealand, the telegraphic service would represent the facts:

Great Britain now sends 89,493,000 mes
The United States would send at En
195,300,000 messages a year.
The United States would send at New Z
454,500,000 messages a year.

The volume of business now being done through the first Telepost offices open in New York that the increase will be about tenfold. Telepost's low rates, which would be a total for the United States up to one thousand million messages (double New Zealand's per capita rate) when the entire service is in operation.

Competition Is Impossible

"But," the casual reader may say, "the telegraph companies will reduce their prices and meet the new competition."

Will they?

The actual average cost of sending a telegram by hand is 28.5c. according to the Western Union's own published figures, and this is steadily increasing, for it costs them

What Low Rates Did for England

During the year ending June 30, 1907 (the date covered by U. S. Government statistics), the Western Union and Postal Telegraph Company handled 103,794,076 commercial messages, which was a 26 per cent increase over the last pre-census report (1902). No one pretends that the telegraph presents the number of telegrams the American public will use annually when given cheap rates! Lowering of telegraph rates in Great Britain and Europe (though in no case was there so sweep-

ing a reduction as that which the Western Union Company is making) says doubled the volume of business quadrupled the volume of business reduced rates in this country will produce much greater results.

RECEIPT VOUCHER or AUDITOR'S COUPON is detached by anyone other than the Tailorpost receiving clerk

When President Sellers Turned Over to-Public Use the First Section of Telepost Line

TO the officers of the Telepost Company the successful opening of the New England lines was not an event of great wonder, for their continuous tests of eleven months in all kinds of weather had settled every question as to the practical efficiency of the Telepost system before the first share of stock was offered for subscription. But to the general public, who were not aware that the system had already passed the experimental stage, the results obtained over these first lines, from Portland, Me., to Boston, Maine, came as a startling surprise. Everyone can now see that 1,000 words a minute over a single wire is not only possible, but easy, and that the Telepost Company has never claimed even half what it is able to accomplish in actual operation.

In turning over to public use the first section of the Telepost lines, President Sellers said:

'Mr. Mayor, Ladies and Gentlemen:

"It is a matter of great pleasure to us that the first operations of the Telepost Company begin in this city. It is eminently fitting that the Great Independent Telegraph Company of the United States should begin its work in Boston, so conspicuous in the fight that we have for the independence of our country. We appreciate the presence of your Honor, and think it very appropriate that the first message should be sent by you, and that it should be a greeting from the Mayor of Boston to the Mayor of Portland. The Telepost's lines will soon be extended throughout the country. The efficient service it will be able to give, coupled with its low rates, made possible by the remarkable inventions it controls, will undoubtedly prove a boon to all classes of our people. Telegraphy will no longer be restricted to the few when the Telepost Company gives 10 words for 10c.; 25 words for 25c.; 50 words for 25c. when delivered through the post-office, and 100 words for 25c. when messages are prepared in the offices of our customers.

"Some thirty years ago three men were working together to develop rapid and efficient systems of telegraphy. They recognized, as we do today, that the art was in a backward state when but 5 per cent of the word-carrying capacity of the wire was utilized. After several years of difficult work, one, E. H. Johnson abandoned the field, organized the General Electric Company and became its first president. Another, Thos. A. Edison, disgusted with the lack of encouragement given to workers in telegraphy, turned to other lines. The third, stood by his guns, patiently working for over thirty years on the problem of telegraphy. Today we see the results of his work—a system perfected in all points, as simple as it is wonderful. Telegraphy of the future owes its existence to the courage and persistence of Patrick B. Delany.

"From the very beginning Mr. Delany had but one thing in view—a telegraph company entirely independent, with no entangling alliances of any nature; no 'new wine in old bottles' for him. Not only is the Telepost Company to begin as an Independent Company, but it is to remain so. As full proof of the sincerity of this statement, we have placed every share of the stock of the Telepost Company in the hands of a Board of Voting Trustees. On this board are such men as the Hon. Henry W. Blair, ex-senator from New Hampshire; Gen. Buffington, U. S. A.; Gen. M. C. Butler, ex-senator from South Carolina, and the Rev. Charles H. Parkhurst, of New York City. It will require the unanimous vote of this Board to sell out the Telepost. There never was a time when the Telepost inventions were for sale to one could at any time have bought them. We have tried to make the Telepost Company as unattractive as possible to men interested in speculative enterprises. We wish people to join with us who are willing to make their profits from the legitimate returns of a telegraph business. In conclusion, Mr. Mayor, we wish to thank you for your presence with us, and to express our hope that we may feel your support and co-operation."

send a message in 1892, 24.7c. in 1898, 25.1c. in 1900, 25.6c. in 1903, and 27.6c. in 1906. This is a clear admission that the sending of a 25-word message for 25c. will never be possible by the older telegraph companies, because it would involve an actual operating loss of several cents a message, amounting to millions of dollars a year on the one hundred million messages now sent by the two old companies. As admitted by Col. Clowry, President of the Western Union Telegraph Company, the recent general advance in rates was absolutely necessary to enable it to pay dividends and interest on its inflated capitalization. George H. Fearons, representing the Western Union before the United States Government's Committee on Interstate and Foreign Commerce, on May 5, 1908, said that if his company were compelled to add the filing-time of the messages, the transmission of these extra words free would absolutely "confiscate their dividend fund." The Telepost Company could, if it were desired, double its number of words, sending telegrams of 50 words, teleposts of 100 words, and teletapes of 200 words for 25 cents, and still have a larger net profit per message than the old companies can make at their present high rates. Pres. Clowry says further: "The truth of the matter is that 99 per cent of the messages transmitted now are transmitted in the same old way that was in operation in the days of Morse. The system is not changed except that the output per operator is not nearly so great as it used to be."

Newspapers Will Not Wait

But even to assume the impossible could the old companies reduce their rates to a competing point, they would still have to offer only the old method with its lack of speed, its immense liability of errors, and the other limitations on its service. Who will prefer old methods to new, especially when the need of speed and reliability prompt the use of the telegraph? Take the transmission of news dispatches: No newspaper will tolerate the old slow way of doing things when it can by the use of the Telepost receive long dispatches, and have the type set and the editions on the streets in less time than it now takes to transmit by hand the dispatches over the wires!

Protected by U. S. Basic Patents

Nor may the older telegraph companies at last "see a great light" and decide to send automatic telegrams by any mechanical means that are at all effective, for the U.S. basic patents granted to Mr. Clowry guarantee what is virtually a monopoly in automatic telegraphy because the Telepost Company alone is legally able to utilize the "static"

capacity of the wire, without which great speed of mechanical transmission attained.

The Telepost Company alone of handling 25-word telegrams at posts and 100-word teletapes at a rate of 14 cts. a message, and this places in competition that the amount of business secured will depend entirely on its ability to accommodate the patron of this new, quick, accurate and cheap

"Right of Way" Guarantee

The question has been asked, acquainted with the legal status of the company, how it gets the "right of way" for its trunk lines. United States statutes give the Telepost the right to use any road along the course of any post road or any road over which the United States mail is carried. It therefore has the legal right to go anywhere Uncle Sam's mail goes. The company, however, instead of depending on new construction, has arranged to secure its establishment by securing the right to use in operation in a large part of the country covered, even in advance of the construction of the through lines, and is already guaranteed "of way" to and within many of the cities of the country.

Public Sentiment Clears Way

Moreover the people of every city have a right to grant as many franchises as they fit. A franchise is not like a patent or monopoly to one and must exclude all others; it is a passport to enter—like a railroad—soon as the people see what Telepost can do for the welfare of the individual and the community. Public sentiment automatically clears the way for Telepost.

Every Board of Trade and Chamber of Commerce in the country is seeking to develop what single obtainable industry will benefit the average city as much as will the Telepost? The municipality that has the system of telegraphy to serve its needs is equipped to meet the competition of the houses that have Telepost to help

The Telepost's Rich Opportunity

It is supposable that at least two telegrams a year will be transmitted

Commercial Telegrams	two or three years an increase in cost to 90,000,000,000
-------------------------	--



the Telepost offices in Boston operation, a news message to Portland with all intermediate stations.

ive us but 2.22 messages a year per Australia is already sending 2.39 and 5.05 messages a year per capita at gher than the Telepost rates. The ill quickly determine what share of 300 commercial telegrams shall be- lepost Company.

ost system a full page of a newspaper phed over a single wire from New go in ten minutes—a small fraction anies' sending time—and for a e charge they make. A full-page ssage could be sent from Boston to ttle automatically dropping a copy every station along the lines over es. Can there be any doubt that Company will receive the press

pe" message gives an even more than a private leased wire, greatly nd is available to any business house quipped with a Telepost perforator. hese perforators can be operated y any typist and will be leased to all m. While the monthly rentals will

be so moderate as to encourage their very gen use, the aggregate income from these private ins tments will probably far exceed the total receipt the older companies for leased wires.

Big Profits to Stockholders

By analogy and comparison, then, what may conclude as to the new company's earnings and dividends it will pay?

To approximate this, consideration must be of the dividends earned by the old telegraph c panies on their enormous capitalization wi *limited* public patronage and a small profit message as compared with the earnings of the epost Company with a normal capitalization large profit per message, and with the *gen* public patronage that will follow the introduc of its 25-word telegrams, its 50-word telep and its 100-word teletapes at the uniform flat of 25 cents between all points in the United St:

Present Telegraph Earnings

The latest U. S. census report shows that older companies have annual gross receipts f operation of \$45,255,187, giving a net earnin \$9,704,255. As only about \$5,600,000 of th earned on commercial messages, it is plain leased wires, press messages, etc., contribute a large proportion of the profits in the telegr business.

This \$9,704,255 was earned notwithstan the many limitations of the old systems w prevent anything approaching popular or ger use. Among these limitations are:

- the ten-word unit;
- the excessive rates, double or treble those of countries; and two to twenty-eight times tho the Telepost;
- the multiplicity of rates;
- the slow transmission.

If the Telepost Company does a business of 100,000,000 messages annually (an amount exceeded by the old companies despite their ge ally prohibitive rates), its profits on this br of its business alone would be more than \$14, 000 a year, leaving entirely out of consideratio immense revenues from press dispatches, lease truments, etc., and its cheap telecard service.

Building Operations in Progress

The lines now in operation by the Telepost only the beginnings of a system that is to r from Boston to San Francisco, with interse lines to connect all the principal cities North South. Work is being pushed as rapidly physical conditions permit.

The great trans-continental Telepost tr line will be built in sections, between m

politan points where the greatest volume of through and local business awaits its installation.

Business is accepted from the public, over the minor sections of this trunk line as soon as each is completed. Thus every section begins to pay for itself and contribute to further equipment as connections are made.

No matter how rapidly the new lines may be built, or telephone-wire laterals added, the 25-cent rate, regardless of distance, applies from the beginning. Over short distances the public's saving is with added words—25 or 50 or 100 instead of 10 words for 25 cents—and finally, to the full and enormous saving on 25, 50 or 100 words from Boston to San Francisco for 25 cents instead of the present rate of 10 words for \$1.00.

Expansion Will Be Rapid, Why?

The Company will be able to extend its service into every quarter of the United States in a surprisingly short period, its rapid expansion being greatly facilitated in four important respects:

1. The construction of Telepost lines is comparatively simple and inexpensive, since one wire does the work of sixty-five wires as used by the older companies. The Telepost Company can transmit as much New York-Chicago business over its standard line costing \$1,373 a mile, as either of the older companies could handle over an equipment costing them \$7,609 a mile.

2. The fact that the Telepost Company can send 1,000 words per minute over a telephone wire, without disturbing any simultaneous use thereof telephonically, enables the Company to make favorable contracts with independent telephone companies, thus securing the immediate use of these existing wires as laterals to the Telepost trunk lines.

3. That competent operators will be available as fast as needed is shown by the fact that already thousands of applications for employment have been received from operators and managers now in the active service of the older companies.

4. Students of business colleges, short-hand and typewriter schools are learning the Telepost alphabet thus preparing themselves to handle Telepost matter, in the future in business houses where they may be employed.

5. The large increase in volume of business which is resulting from the Telepost's greatly reduced rates where lines are now open does not find the Company unprepared, because with the Delany system one competent telegraph operator with the assistance of twenty-five typists (merely able to read the tapes) can handle as much business as fifty trained operators under the best systems the older companies are able to use.

Distribution of Earnings

With the problem of extension thus simplified, and with the choice of the busiest and most profitable routes for first operations, it is not unreasonable to assume that within a short time the Company's lines will be sufficiently extended to attract, at its low rates, a business of at least

TELEPOST

Inventor Delany and
engineer Larish reading from a telepost
"allowed down" to a speed to permit reading

100,000,000 messages (aside from year, with a net profit of more than but until the surplus earnings exceed that may be wisely used in extension of post service throughout the United States) annual dividend will be restricted to the surplus over and above all liabilities for operating, maintenance, interest, dividends, etc., will be placed in "Construction" fund. This conserves at once commend itself to the experienced man. It will insure three things Company's stockholders:

1. The establishing of the business in all parts of the country.
2. The rapid advance in market value of stock and "convertibles" because of the Company's prosperity and growth.
3. A steady and rapid increase in dividends paid, after the period of construction has passed.

A Just Advantage to Early

Under the plan of capitalization been adopted in the past, the early investor did not receive a just compensation for his investment. It was which laid the foundation of the enterprise. The first purchasers of the first shares drew dividends than the investor who waited until the work of establishing the business had been completed. True, the man who waited to pay more for his shares, but the price of stock may have advanced since the first investor and the last were apportioned under the old practice.



The average American believes in rewarding boldly the pioneers in any field of development. To this end, many new corporations have resorted to stock bonuses, stock at par, and other methods of delivering stock representing a "face-value" larger than the actual value invested. Attempts have been made to justify such "stock-watering" on the ground of justice to early investors; but, commendable as is the avowed object of such measures, they cannot be justified from the viewpoint of soundness in finance, which demands that every dollar of face-value—whether in stocks, bonds or debentures—must be of equal value, rather than a capitalization of future expectations.

No "Stock-Watering" for Telepost

The Telepost Company believes that its early investors should be liberally rewarded, but it will not attempt to discharge its obligations by the delivery of "securities" with a "face-value" having no foundation in actual capital. Consequently it has provided for the distribution of the first \$7,000,000 of its earnings to those early investors in a way to compensate them adequately without imposing any unfairness upon the later purchasers of stock. The reward may be proportionate to the time of the financial support, the capital stock of the company is divided into five series, and in each series, excepting the last, "Convertible Certificate," each for an amount equal to the value of the subscription are delivered, and in addition to the Regular Stock Certificate.

Series A (100,000 shares) carries three "Convertible" with each Stock Certificate; Series B (50,000 shares) carries two "Convertibles"; and

Series C (100,000 shares) and Series D (50,000 shares) carry one "Convertible" each. The remaining stock, embracing all the remaining stock, is compensating feature.

These "Convertibles" will, as herein provided, be taken up by the issues of debenture interest coupons of 4% (in addition to the stock dividends) will be paid semi-annually, when the principal will be paid by the method of exchanging the "Convertible" interest-bearing debentures is as follows:

First Surplus to First Issue

When the first \$1,000,000 of surplus is available by the Company for new construction in extending its lines, Constructors for this amount will be distributed to subscribers to Series A, each investor in exchange for the "Convertible Certificate I" delivered to him with his Certificate of Debenture to the full amount of stock.

The second issue of Construction Debentures, \$2,000,000, will be made when \$2,000,000 of surplus has been devoted to the extension of the lines. This issue will be distributed to the subscribers in Series A and B, each investor in exchange for the "Convertible Certificate II," delivered to all subscribers in Series A and B.

The third issue of Construction Debentures, \$4,000,000, will be made when the third \$7,000,000 of surplus has been devoted to the extension of the lines. This issue will be distributed to the subscribers in Series A, B, C and D, each investor in exchange for the "Convertible Certificate III," delivered to all subscribers in Series A, B, C and D.

After this preliminary distribution of debentures, other surplus earnings will be distributed equally among all stockholders in the form of extra dividends.

Issues A, B, C, D and E

Thus it will be seen that each subscriber to Series A will receive in addition to the stock certificate one Construction Debenture representing an amount in Telepost extension, and aggregated times the amount of his stock subscription. A subscriber for 100 shares will have 100 shares and \$3,000 in 4% Debentures; a subscriber for 50 shares will have \$500 in stock and \$500 in 4% Debentures, etc., etc.).

Each subscriber in Series B will receive in addition to the stock certificate one Construction Debenture twice the amount of his stock subscription.

stock subscription.

Each subscriber in Series C or D will receive Construction Debentures equal to the amount of his stock subscription.

Series E will embrace all stock that may be issued after the first \$4,000,000 has been subscribed, but no Construction Debentures will be issued to these later subscribers.

The stock itself is of equal value and privilege whether subscribed in Series A, B, C, D or E, carrying the same regular dividends from the start, and also sharing equally in all surplus after the first \$7,000,000 of surplus has been distributed to subscribers for Series A, B, C and D, as above provided.

Early Redemption of Convertibles

That the Convertible Certificates issued to first subscribers will soon be exchanged for interest-bearing Debentures must be evident to any one who considers the fact that the older companies, even with their antiquated equipment, have paid yearly out of their profits more than \$9,000,000 in interest and dividends. The Telepost Company will require only \$1,800,000 to pay the stipulated 10% dividend on its entire capitalization, and all profits beyond this amount will be available for extensions and extra dividends to stockholders.

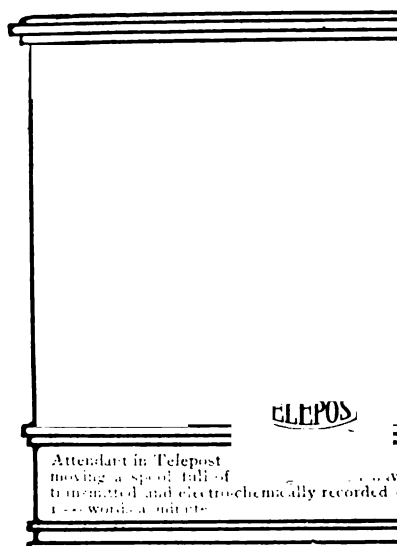
The first \$7,000,000 devoted to extensions will furnish the Construction Debentures for all the Convertible Certificates issued to early investors including all of Series A, B, C and D.

All Certificates Transferable

The Convertible Certificates issued to subscribers in Series A, B, C and D will be entirely independent of the stock subscribed for, each being transferable, so that a subscriber may at any time dispose of his stock while retaining his claim on all or a part of his apportionment of the first \$7,000,000 to be issued in Construction Debentures, or he may transfer any or all of his Convertible Certificates without prejudicing his stock holdings.

Unusual Protection to Stockholders

The Telepost Company has taken unusual precautions to protect its own and its stockholders' interests (which are identical). To this end its securities will not be listed on the New York Stock Exchange or elsewhere, and they cannot therefore be manipulated in stock-gambling deals. This will prevent any artificial fluctuations of the stock, and it will take its rank as a staple commodity, with an actual value based on the Company's assets and the rate of annual profits. But the great and absolute guarantee of safety is the Board of Trustees, which completely fortifies the Company against what has come to be



known as the "Wall Street financing."

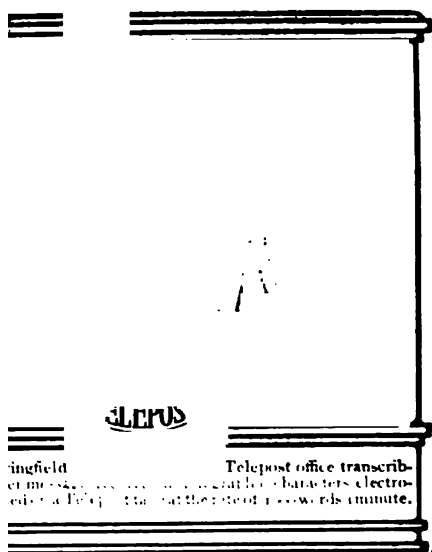
Recent judicial proceedings demonstrated that the most effective operation of such methods is the Trustees so successfully used by oil-men of Western Pennsylvania hostile interests from "swallowing the men of those companies nine the way to protect their property gems, devices and trickery of the on crushing them. But in 1900 t came together and formed a combin against these tactics and assaults, a Board of Voting Trustees which and their individual stockholders security and made them free from on the part of their competitors.

Permanence and Per

It having been legally determine of Voting Trustees is a positive safeg enterprises of magnitude and a gua ual independence, the Telepost Co its organization in that way, thus stockholders the permanent owner enjoyment of the great public e they are founding.

There are here concerned three desire legal, positive and perma that the Telepost Company sha out, merged, reorganized, lease controlled, or its business in any by outside speculators:

1. The Inventor of the Delany S Rapid Telegraphy and his ass



ing Debenture Corporation as financial try.

c, who not only wish to secure cheap y but also a guarantee of its mainten- well as a permanent share in its profit-

interest: Mr. Delany, who has given of his life to his Rapid System, and the many years have been associated with financed the undertaking during the costly period of experiment, development, commercializing, justly regard the Telepost of their invention, energy, patience and they are not willing to subject the great which they have worked so long to the diverted from its purpose, and by stock handed over to the present telegraph they have, therefore, steadily declined (there have been many) to finance the the usual lines, by which the Delany its great possibilities might be subor- schemes of stock-jobbers, or made to ed and ambition of unscrupulous "Cap- e." The Delany System of Automatic ily has been dedicated by its inventor the permanent use of the public, inde- and every other company, system, influ- t. As a perpetual guarantee that this rried out they have nominated H. Lee mber of the board of Voting Trustees.

Interest: The Sterling Debenture Cor- well-known policy of co-operation and eputation for "square dealing" to defend this policy begins with the proper pre- the facts concerning an enterprise, end in the mere financing. It aims to protect its customers in the positive as- statements and promises will be fulfilled the present instance the assurance is y the Telepost Company that it has been or the purpose of transmitting telegrams and cheapest way, and to give its share- em alone, all of the profits thereunder. guarantee to its thousands of investing

customers that this will be done, the Sterling Debe Corporation has nominated F. W. Shumaker, its S tary, as a member of the Board of Voting Trustees.

The Third Interest: The public is the third most important factor in this undertaking, and the places on the Board of Trustees (see last page) reserved for well-known and public spirited men have consented to act simply from a broad and conception of what they consider to be their towards the founding and perpetuation of a ne public utility as established by a great national for co-operation.

What the Trusteeship Insures

The following purposes are accomplished by Board of Voting Trustees:

1. The TELEPOST COMPANY is guaran against absorption by any competitor or any kin corporation.
2. The smallest and largest stockholders are protected from any interference whatsoever with interests, while the Company is being establi managed and developed for their benefit and f
3. The market value of the original shares wi their actual value and will be entirely regulated b business operations of the Telepost Company, an subjected to sudden and artificial fluctuations from c or conditions outside of or beyond the Comp control. In this respect Telepost stock will be ex like that of a well managed bank, which has a de "book value," but no other or variable value, e; that attributable to the "good will" created b known earning power.
4. The shareholders of the Telepost Company not be stampeded by crafty influences from witl without into sending in their proxies for some pr tate action based on selfish motives or prompt speculative designs.

These comprehensive protective measures guaranteed by the integrity of the gentlemen posing the Board, and by the further fact that e vote on all questions pertaining to owner must be unanimous. Each of the Trustees possesses full veto power—the power to fo An invading influence, from inside or ou must not only "get by" the Board of Directors Telepost Company, but it must also deal succes with each one of these veto powers represe the three distinct interests above described.

The stockholder of the Telepost Compan renders none of his legal rights of ownership his share in the annual or other profits, but h surrender his right to join any combination would deliver the Telepost Company over to rival corporation, or to any interest which i profit more by preventing cheap telegraphy by developing it.

All matters pertaining to safeguarding the e prise have received the special attention of lawyers under the direction of the chief coun the Company, Thomas Conyngton, whose ki edge and ability in all corporate matters have

USED FOR A TELEGRAM
 before February 29, 1910, this blank entitles the holder to the transmission of a 25-word Telegram in message transmitted by wire to the United States, and each Telegram (1 cent) added to this amount entitles the holder to use 10 additional words.

USED FOR A TELEPOST
 before February 29, 1910, this blank entitles the holder, under the agreement printed on the back, to the transmission of a 50-word Telegram in message transmitted by wire to the United States, and each Telegram (1 cent) added to this amount entitles the holder to use 10 additional words.

If unused this blank may be exchanged at the office of the Telegram Company, New York, for a 1910 blank during February, 1910, otherwise to be void.

1 RV 1 Time Filled: **2 4 5 PM.** Check: **\$ 50** No. **H 100**

To avoid possibility of error write plainly. This message to be transmitted subject to the terms and conditions printed on the back hereof, which are hereby agreed to.

To Hon. Adam P. Leighton,

Address

Portland, Maine

In	sending	you	the	first
Telepost	message	between	Boston	and
Portland	I	extend	congratulations	upon
the	successful	inauguration	of	quicker
and	cheaper	means	of	communication
which	automatic	telegraphy	has	now
brought	about	and	which	cannot
fail	to	be	a	great
boon	to	the	people	of
our	own	and	other	municipalities

If additional words are required, they may be written on any sheet.

Signature desired for transmission.

TELEPOST

SENDING-BLANK No. H 100

PRICE, 25 CENTS

REPRESENTED BY

1909 1908

REPRESENTED BY

REPRESENTED BY

REPRESENTED BY

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REPRESENTED BY

REPRESENTED BY

USED FOR A TELETYPE
 before February 29, 1910, this blank entitles the holder to the transmission of a 100-word Telegram in message transmitted by wire to the United States, and each Telegram (1 cent) added to this amount entitles the holder to use 10 additional words.

If unused this blank may be exchanged at the office of the Telegram Company, New York, for a 1910 blank during February, 1910, otherwise to be void.

1 RV 1 Time Filled: **2 4 5 PM.** Check: **\$ 50** No. **H 100**

To avoid possibility of error write plainly. This message to be transmitted subject to the terms and conditions printed on the back hereof, which are hereby agreed to.

To Hon. Adam P. Leighton,

Address

Portland, Maine

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and	cheaper	means	of	communication
which	automatic	telegraphy	has	now
brought	about	and	which	cannot
fail	to	be	a	great
boon	to	the	people	of
our	own	and	other	municipalities

If additional words are required, they may be written on any sheet.

Signature desired for transmission.

Photographic Fac-simile of Mayor Hibbard's message—the original of which is in the possession of Ex-Pres. Roosevelt

THESE VOUCHERS or AUDITOR'S COUPON is delivered by anyone other than the Telepost Receiving clerk.

post Company

post Company, organized under the State of Maine to establish a general-ness throughout every state and terri-United States, has purchased outright of the Delany System of Automatic aphy. Its capital stock is \$18,000,000, 800,000 shares, 70% of which has been treasury to provide funds as needed ruotion of lines, equipment of stations, es are full-paid and non-assessable.

OF VOTING TRUSTEES

RY W. BLAIR, Manchester, N. H.
hington, D. C. Former United
ator from New Hampshire.

UFFINGTON, Madison, N. J.,
U. S. A., Retired.

S. J. FAULKNER, Ex-Senator
Va., Washington, D. C.

CHAS. H. PARKHURST, New

al CHARLES D. SIGSBEE, U.
ashington, D. C.

JMAKER, New York, Secretary
Debenture Corporation.

ELLERS, New York, President
Co.

WIARD, Batavia, N. Y., President
ow Co.

OFFICERS

ELLERS, . . . President

IMAN, . . . Vice-President

THRIDGE, . . . Vice-President

ELLERS, Secretary and Treasurer

KREBS, . . . Asst. Treasurer

B. DELANY, E. E.,
Consulting Engineer

ISH, E. E., Electrical Engineer

COLLUM, Supt. of Construction

MAKER, . . . Supt. of Traffic

CONYNGTON, General Counsel

BOARD OF DIRECTORS

CONYNGTON, New York City,
ounsel of Company.

GAILEY, Waterbury, Conn.,
Waterbury Lumber and Coal Co.

THRIDGE, Washington, D. C.

ELLERS, New York, President
Company.

ELLERS, New York, Secretary and

Telepost Company.

IMAN, New York City, Banker.

IMAN, New York City, President

Stillman Company, Pres. Bridge-

or Company, President Machinery

ne City of New York.

TRANSFER AGENTS

L. TRUST COMPANY OF NEW JERSEY

Jersey City, N. J.

AUDITORS

NGSON, PELOUHET & CO.

Chicago St. Louis Butte

FISCAL AGENTS

IG DEBENTURE CORPORATION

Building, Madison Sq., New York City

JOHN WANAMAKER, in an official statu-
made when he was Postmaster-General, showed
an investment of \$1000 in 1858 in Western Union
would have received up to that time (1890) stock
dividends of more than \$50,000 and cash divi-
amounting to \$100,000 "

ERATE TO ALL POIN

ELEPOS

WORDS FOR 25 CEN

A SYSTEM of Au-
tomatic Rapid
Telegraphy that sends
messages over a single
wire, (even over a tele-
phone wire without
disturbing simultane-
ous conversations), at
a speed of 1000 words
a minute, automati-
cally recording them at
the delivery end.

At a rate of 500 to 1000 words per minute per
the charges can be lowered to a point such as
pete with the ordinary post-office service. Wher
ter of 50 words filed in an office in Philadelphia
dropped in the post-office in Chicago or any ot
within half an hour for 25 cents, an enormous
will be speedily developed."—*Electrical World.*

on 3628-ly

8

EIGHT MEN AND A TRUST

WHY=====
the People's Telegraph
Company does not have to
wait to get the business.

WHY=====
the Combination cannot
get the Telepost Company.

WHY=====
the Telepost has obtained
the business in every place
that it has opened offices.

LETTERS=====
from men who are Saving
TIME AND MONEY.



LETTERS FROM
OTHER MEN
ARE GETTING R.
FROM THE OPPRE
OF A CORPORA



Telepost Company.

THE INDEPENDENT **TELEPOST** TELEGRAPH CO.

"Of the People, by the People, for the People"

THE Telepost is the most rapid means of telegraphic transmission in the world, having a speed of 1,000 to 5,000 words a minute.

The Telepost is the least expensive system of telegraphy in the matter of construction, maintenance and operation.

The Telepost can send more messages over one wire than the old companies can send over sixty-five wires.

The Telepost rates are the cheapest in the world, the maximum charge being but one cent a word.

The Telepost transmits by wire 25 words for 25 cents, 50 words for 25 cents or 100 words for 25 cents according to the kind of service.

The Telepost has a uniform rate for all distances, just as the Government has a uniform rate of postage for all parts of the country.

The Telepost transmits 25-cent messages at an average cost of 11 cents a message and therefore makes an average net profit of 14 cents a message.

The Telepost will make a net profit of \$14,000,000.00, annually, on the basis of 100,000,000 messages, the number of commercial messages now transmitted yearly by the old companies, and from which they are able to make but \$5,600,000 profit. (Western Union's latest Annual Report).

The Telepost offers new and remarkable conveniences of telegraphic communication that will greatly increase the popular and special uses of wire service.

The Telepost is now in public service operation in different parts of the country, east and west.

The Telepost is steadily extending its system that will, in due time, serve the entire country with the best, the most accurate, the most convenient, the cheapest and the most profitable telegraph in the world.

THE BOARD OF VOTING TRUSTEES

It is remarkable what a difference *success* makes in the general estimation of values and merits. Two years ago it was rather a difficult matter to make people believe that the Telegram could send messages at the speed of 1000 to 5000 words a minute with perfect regularity and precision under any kind of telegraphic conditions.

HON. HENRY W. BLAIR, Manchester, N. H., and Washington, D. C., was for many years U. S. Senator, and was a most active worker in the cause of postal telegraphy. He has always been connected with movements for the betterment of the social, moral and educational conditions of the country. Educated at Dartmouth, he was admitted to the Bar in 1859. He served throughout the Civil War, ranking from Captain to Lieut.-Col. Elected to the New Hampshire Legislature in 1866. Elected to Congress, 1875-91. Elected to the United States Senate, 1879-91. Appointed Minister to China, but resigned because of his opposition to Chinese immigration. Author of many bills, including the one establishing U. S. Labor Department, the Sunday Rest bill, and bills under which about half the soldiers are paid, and school and temperance Constitutional amendments. Retired to practice of the law on retiring from Congress.



ditions. It seemed incredible. "It can't be done," said
seacres.

Everybody knows better now. The commercial success of
the post in its operations East and West has most conclusively
proved all its claims—proved them so easily and perfectly that
the "seacres" not only have changed their former opinion, but
now they are denying that they ever said "it can't be done."

There is now no question of the great merits of the Telephonic
its unmatched speed, its unapproachable service, its conveni-



GENERAL A. R. BUFFINGTON, of
Garrison, N. J., has received many signal honors
during his career in the U. S. Army,
in which he made a reputation for ability, fair-
ness and integrity of the highest order. He
is also famous as an inventor and constructing
engineer. A native of Wheeling, W. Va., he
was educated at West Point, where he graduated
in May, 1861, and was commissioned 2nd Lieutenant
in the Ordnance, and continued in that Department
with promotions to Brigadier-General and Chief of Ordnance. He
retired on September 22, 1901. He was in command of the National Arsenal,
Hartford, 1891-92, and of the Rock Island Arsenal, 1892-97. He has per-
formed many important duties in ordnance and improved methods of manufacturing small
arms. He is a man of sterling qualities and strong character, with a stern
personal responsibility.

its thoroughness, its accuracy, its cheapness, its rapidly-growing popularity.

There is no question now that its economic utility insures prompt recognition and use by the business and social community wherever its lines extend, and that it must control the telegraph world to the very great profit of the Company and its stockholders.

The early sceptics who have been compelled by the practical success of the Telepost to admit its superiority, its economy, to do all that was claimed for it and more, now pretend to

HON. CHARLES J. FAULKNER, a West Virginian by birth in 1847, but in recent years a resident of Washington, D. C., has had distinguished success both in legal and in political achievement. As a young lawyer, at a little time out of the University of Virginia, his abilities commanded the respect of his profession, and before he was 33 he was made a Circuit Court Judge. He was still on the Bench when, a year later, he was elected to the U. S. Senate, where he served twelve years with distinction. His early education was in France and Switzerland, and on his return to this country he entered the Virginia Military Institute, 1862, and served with the cadets at the New Market. He was aide to Gens. Breckenridge and Wise to the close of the War, when he entered the University of Virginia, graduating in 1865, and as stated, began his successful career in public life.



at the Telepost will not maintain its independence, that it was absorbed presently by the telegraphic opposition—the combination at is striving to monopolize wire communication in order to maintain high prices.

People who are informed know that such a thing is impossible because there is a definite and positive legal provision against it. The attainment of that security was the first consideration in the plan of the enterprise. The gentlemen pictured in these pages constitute the Board of Voting Trustees that insures the independence of the enterprise.



THE REV. DR. CHARLES H. PARKHURST, New York City, is known throughout the country as a fearless champion of truth that tends to the betterment of humanity. Keenly alive to all that makes for good, and utterly unmindful of considerations of personal interest or comfort, he has been for many years one of the foremost fighters against demoralizing influences of every sort. Graduated from Amherst in 1861, he continued his theological studies at Halle, 1861-2, and at Leipzig, 1872-3. His first pastoral charge was at Lenox, Mass., from 1874 to 1880,

when he was called to the pastorate of the Madison Square Presby. Church, New York City, which has become famous under his continued charge. As president of the Society for the Prevention of Crime he brought about a reorganization of the New York Police that had radical and far-reaching results. He is the author of many works dealing with vital questions of religion and with great originality, that have had potent influence upon the moral and social life of the country.

telepost and safeguards the interests of the Company and stockholders. As each member of this body has full power to veto a bill or proposition that would interfere with the independence and welfare of the Company or invade the rights of stockholders, the protective importance of the Board cannot be over-estimated. It stands guardian over the establishment of the Telepost according to the agreement to provide a people's telegraph, owned by the people and operated in the interests of the people, and furnishing the best service at the lowest rates.

TR. H. LEE SELLERS, of Lexington, Virginia, after being graduated as B. A. and M. A. from Washington and Lee University, was assistant professor for two years at the university and for another two years at the McHugh School, near Baltimore, Md. Intending to give up teaching, he went to Galveston, Texas, to enter commercial life, but was induced by leading citizens to give them the benefit of his knowledge and experience in building up their school system. As a result, he left Galveston the finest high school in the South. He then gave his attention to the organizing of companies controlling inventions of Thomas A. Edison, with headquarters at New Orleans. He was also a leading factor in developing the Asphalt industry in Indian Territory, where he controlled land interests. With his brother, R. H. Sellers, then of Fort Worth, Texas, was interested in large real estate transactions and in the successful establishment of important industrial and financial enterprises. Since 1899 he and his brother have been associated with Mr. Patrick B. Delany and now are devoting their efforts to the development and establishment of the Telepost. In many parts of the country Mr. Sellers is well known, and wherever known is recognized as a man of the highest integrity, of indomitable courage and of untiring perseverance.



Entering a field hitherto controlled by a high-priced monopoly the Telepost Company was sure to meet opposition, and its few shareholders knew that efforts would be made either to force the Telepost out of the combination bent on keeping the exclusive command of the telegraphic communication of the country, or to keep it out of the field.

It was in anticipation of such attempts that the Board of Telegraphing Trustees was organized, by due process of law, with every power to prevent any "sell-out," combination, transfer, or



M R. F. W. SHUMAKER, New York, a graduate of Beloit College, Class of 1892. One of the founders of the publishing firm of Middlebrook, Shumaker & Co. Also well known through his connection with several other successful publishing enterprises: two years' circuit of British Colonies in behalf of *The Times* (London) gave him an opportunity for an extended study of social and economic problems in Asia, Africa and Australia, which was supplemented by extensive travel in European countries where he familiarized himself with the commercial and industrial conditions as they contrast with those of this country. He brought the large experience and strong initiative gained in that way to the upbuilding of the Sterling Venture Corporation, the admirable policy of which has made it one of the most successful financial institutions in the country.

lation, "merger" or other plan whatever, to overcome, modify or interfere with the independence of the Telepost. But still to guarantee the continuity of independence, each member of the Board was invested with the veto power. The Board, therefore, cannot act on the majority rule in confirming any transactions within its survey; there must be absolute unanimity of assent, one negative vote being sufficient to quash any proposition of such a nature.

Considering the high character of the men who composed the Board,

REAR-ADMIRAL CHAS. D. SIGSBEE, U. S. A., Washington, D. C., is one of the men who have won honor for our Navy in the estimation of the world. His record of command of various of our great war-vessels is known to the public. Born at Albany, New York, he entered the Naval Academy, 1859-63, and was appointed ensign, serving with the West Gulf Squadron, 1863-4, being present at the battle of Mobile Bay. Was transferred to the North Atlantic Squadron in 1865, assisting in the attacks and final assault on Fort Fisher. After the war he was promoted to rank of Lieut. Commander. Was with coast survey, 1874-8, and rounded and explored the Gulf of Mexico. Introduced new methods of deep-sea explorations, for which he was decorated by Emperor William I with the Red Eagle of Prussia. In 1885-6 commanded the cruiser Albatross, European station. Made Captain in 1897 with command of the battleship Maine, which was blown up in Havana Harbor. Afterwards commanded the cruiser St. Paul in operation against Spain. Captured Spanish fleet. Commanded battleship Texas, 1898-1900. From 1900-1903, Intelligence Officer. Made Rear-Admiral, 1903. Commanded Caribbean Squadron, North Atlantic Fleet to 1906. Now at Navy Department, Wash-



board, the diversity of their interests, public and private, it
 onceivable that any proposition injurious to the integrity
 elepost enterprise would receive their unanimous approval
 board of Voting Trustees is an incorruptibly strong guar
 ie Telepost along the lines of its clearly-defined purpos
 ill maintain it as an independent popular telegraph system

TELEPOST COMPANY,
 225 Fifth Avenue, New



MR. GEORGE WIARD, Batavia well-known as the president of the Plow Company, has for many years identified with important and responsible in his State. President and Director of the County Loan Association for more than two years, Trustee and President of the Batavi School, and Commissioner of Water W has had broad experience and enjoys a well reputation for conservative and sound jud public affairs as well as in the managem private business. A native of Ancaster, he came to New York as a boy and eng

foundry work at East Avon and learned the trade of moulder. Entered Army when he was twenty-nine, and in the course of the War became assistant Adjutant General on Gen. Harden's staff. At close of the War bought half interest in plow factory at East Avon, which he managed until 1876, when he moved to Batavia and incorporated the Plow Company, becoming president and general superintendent. His success is a monument to his business ability.

ERS FROM MEN WHO ARE SAVING TIME AND MONEY

WHAT TELEPOST USERS SAY OF THE SERVICE

FINANCE MEN in the communities where the Telepost is operating are using it not only because of the cheapness of rates, but so because of the great excellence of the service. They have never had anything like it. Testimonials are continually coming from satisfied users. The letters here published are examples from different cities and will show the common agreement that the service exceeds expectations. The only complaint is in the form of a regret that the Telepost does not yet cover the whole country. But the ground for that complaint is being diminished rapidly, and in a comparatively short time lines will radiate from every commercial center East, West, North and South. The Telepost is progressing with gratifying speed.

Dover, N. H., Jan. 15, 1910
Quart, Mgr. Telepost.

Sir - Can speak in nothing but the best terms of the service rendered by your Company. Have used the Telepost every opportunity since you have established an office in this city, with a high degree of satisfaction.

For your continued success, I remain
Very truly yours,

W. J. Bell

Correspondent "Boston American"
Dover, N. H.

EDWARD R. WAIT
40 CORNHILL
BOSTON

Jan. 13, 1910
Telepost Co., 61 Hanover St., Boston
Salem - I have used the Telepost
very lately in sending messages
between Boston and Portland and have
found the service very prompt and satis-
fying.
Yours very truly,

Edw. R. Wait

SACO AND PETTEE MACHINE SHOPS
BIDDEFORD, MAINE, U. S. A.

December 31, 1909
The Telepost, New York City.

Dear Sirs - We find the Telepost very useful in our business and use it whenever it is possible to do so. We certainly wish that the Telepost reached more points where our customers have mills, as we could use the same to very good advantage. We find the resident manager, Mr. Malone, very courteous and a man who keeps the interests of his customers always in mind.

Wishing your Company continued success,
we are

Yours very truly,

SACO & PETTEE MACHINE SHOPS

C. C. Breaker
Agent

HECKER-JONES-JEWELL MILLING CO.
201 CHAMBER OF COMMERCE
BOSTON, MASS.

Telepost Co.

May 28, 1910
Dear Sirs - Happy to say we have found your service first class in all respects.
Yours very truly,

ASB. HECKER-JONES-JEWELL MILLING

AT TELEPOST USERS SAY OF THE SER

LEHIGH PORTLAND CEMENT CO.
INDIANAPOLIS, INDIANA

November 10, 1909

Company, City.

Gentlemen - It is only lately that we had the pleasure of giving you any, and we have not given you the amount of business that we like to, owing to the fact that stations are not located as yet so we can use them, but we have sent us to Springfield, Terre Haute, and Indianapolis and wish to state that the service rendered by your Company has far exceeded our expectations. We are indeed very glad to recommend your service, and when more offices are, as outlined by you we will unhesitatingly give you the major portion of our business.

Yours very truly,
LEHIGH PORTLAND CEMENT COMPANY

Sales Manager

LOTIHOPE-FARNHAM CO.
470-100 CENTRAL AVE.
DOVER, N. H.

Jan. 11, 1910

Dover, N. H.

Sir - I wish to say that the service you have been very satisfactory. I very seldom receive a Telepost, and, as you know, quite a lot of them. I have never had but one complaint, and that one I followed up and the party to whom the Telepost was sent was himself to blame. I wish that you covered a larger area for it is certainly a great saving. He realizes how much more can be done by Telepost than by telegraph for the same amount of money.

Yours respectfully,
C. H. FARNHAM

SEDALIA EGG COMPANY
100-107 EAST MAIN STREET
SEDALIA, MO.

Nov

Mr. Herbert Chaney, Sedalia, Mo.

Dear Sir - We have been sending messages to St. Louis and Chicago by wire and find that it is entirely satisfactory.

We have been doing a little extra work for you among our correspondents in St. Louis, telling them of the service and advising them to get with the Telepost and save money.

As you have probably noticed, we are now getting almost daily wires from St. Louis by your lines.

When you get your wire through New York, if you give us as good service as you do to St. Louis and Chicago, we count on all our business to East points, which in the Spring amount to a considerable sum.

We can also assure you that our connections at these points will be available themselves of the Telepost.

Wishing you the best of success, and assuring you that we will not let a single chance to give the Telepost a boost, we are

Yours truly,
SEDALIA EGG CO

G. W. SCHNEIDER & CO.
125 MAIN STREET
HIDEPOUND, ME.

December

The Telepost, New York, N. Y.

Gentlemen - Since your office has been here more than a year ago I have had better service than ever before. The rates are cheap and the excellent service is something that no business man can overlook. Let the good work go on.

Yours truly,

ERS FROM MEN WHO ARE SAVING TIME AND MON

KEARSARGE HOUSE
PORTSMOUTH, N. H.

Jan. 18

ocker, Manager,
Co. and Isle of Shoals Cable,
Portsmouth, N. H.
The past twenty-five years we have
enough money in using telegraph and
to build a new line from New
Canada. We believe in live and
and will use the Telepost be-
good service and low rates.

E. Newton

Wholesale and Retail Fish Dealers
J. T. Newton, Prop. Kearsarge Hotel

BIDDEFORD CUSTOM LAUNDRY
68-69-70 ELM STREET
BIDDEFORD, MAINE

January 5, 1910

Telepost Company, New York City
Gentlemen - Since your office opened
in this city over a year ago I have
been telegraphing through your
office and have received excellent
service. Your system is a great help to
me in doing a telegraphic business, as
the rates are cheap and your
service is very accommodating.

Yours respectfully,

*Biddeford Custom Laundry
By James J. Miller*

F. A. OLINGER & CO.
TERRE HAUTE, IND.

Jan. 12, 1910

We are highly pleased with the prompt
and accurate services in transmission of
messages handled via Telepost Co.

F. A. Olinger & Co.

FAN-BALL COMPANY
INDIANAPOLIS, IND.

Jan. 19, 1910

Telepost Company,
T. E. Newsom, Manager, City.

Gentlemen - We have had occasion to
use your service quite frequently of late
and are much pleased with same. A check
of our telegrams to and from St. Louis
shows delivery was made in each instance
in from seven to eighteen minutes from
actual time of filing.

Wishing you the success you deserve
we are
Yours very truly,

FAN-BALL COMPANY

C. O. Brumer

COB-MSW

SOUTH ARKANSAS LUMBER CO.
612, 614 STATE LIFE BLDG.
INDIANAPOLIS, IND.

Jan. 17, 1910

Telepost Co., City.

Gentlemen - This morning I had occa-
sion to talk with our Home Offices upon a
very important matter. I called your
boy, gave a message to St. Louis and
received back an answer in 7 1/2 minutes.
This record, I believe, is unequalled
any wire message we have ever tried
between here and St. Louis. I, therefore,
extend my congratulations to your Company
and their very efficient service.

Very truly yours,

SOUTH ARKANSAS LUMBER CO.

SPM:EA

Per

S. M. Atcher

WHAT TELEPOST USERS SAY OF THE SERVICE

FRED'K B. EARLY & CO.
8 EXCHANGE PLACE
BOSTON, MASS.

May 25, 1909

H. Patterson,
Care of "Telepost," Boston, Mass.
Dear Sir - We have been using the
Telepost" for the past three months,
and find the service excellent. We shall
continue to give you all of our business,
and advise our correspondents to do likewise.
Thanking you for past favors, we
In Yours truly,
(Signed) F. B. EARLY & CO.

Springfield, Ill., Nov. 8, 1909

B. Ellinger,
Manager, Telepost Co., City.
Dear Sir - We have been using the Tele-
post in our regular business during the
past 6 months and are pleased to say that
it has afforded us the very best service
it has ever been possible for us to ob-
tain through any public intelligence medi-
um; we sincerely rejoice in your very
ident success.

Yours very truly,

Chas. St. John

Atty. at Law

T. W. A. SMITH
BRIDGEFORD, ME.

Jan. 8, 1910

Telepost, New York.

Gentlemen - I take pleasure in writing
you in regard to the satisfaction I
have in using your Telepost service in
connection with my business.

I recently sent a Telecard (10 cts.)
to Boston, and the goods were on the
express train in 55 minutes from the time
I was writing the card in this city. I
have had many other such evidences of
prompt deliveries.

Wishing you the best of success, I
remain Respectfully yours,

T. W. A. Smith

THE WORRELL MANUFACTURING
BEDFORD, MASS., U. S. A.

The Telepost Company, City.

Gentlemen - We have used the
service exclusively, to St. Louis
and other points, where your wires
are connected, and wish to advise that
the service has been satisfactory in
every respect.

We are attracted by its cheap
efficiency, and will continue to
use your company, as long as they
continue to be as satisfactory
present.

Yours very truly,

THE WORRELL MFG.

Ag. J. Worrell

ASH

BLANCHARD & CO.
Nos. 14, 15, 16 & 17 DOCK SQ.
51 FANEUIL HALL SQ.
BOSTON, MASS.

Jan.

Telepost Company, Boston, Mass.
Gentlemen - We have been using
Telepost extensively in the transac-
tion of our business since its instal-
lation in Boston.

We consider the service perfect
in every detail, and we have nothing
to praise for it.

Very truly yours,

BLANCHARD & COMPANY

Dict. G. M. B. By
M. L. (signed)

Geo. M. B.

H. A. YEATON & SON
LATE J. BROOKS & CO.
Nos. 141, 142 AND 143 MARKET STREET
PORTSMOUTH, N. H.

Jan.

Mr. T. C. Lecky, City

Dear Sir - We are glad to say
that business this office has sent by
post (whether by this firm or by
Piscataqua Navigation Co., whose
ship is with us) has been done with a
satisfactory despatch.

Very truly yours,

H. A. Yeaton

LETTERS FROM PEOPLE WHO ARE SAVING TIME AND MONEY

Pictou, N. S. Canada
February 16th, 1910

I would like to say that I sent a Telegram to Chelsea, Mass. on the 2nd of this month. I received it in the office here addressed to me. On the morning of the 2nd of the evening of the 4th I had a check. This in itself is a great saving of time when you consider that it takes 4½ days (at the very best) to reply from Boston by mail. I have been trying to figure out how I received it so quickly as the message only came over the wire from Portland in a distance of about 150 miles.

Then taking into consideration the time a message was received at 8:30 on the 3rd and the reply was filed at 4. (a loss of 8 hours) between sending and answering I consider this service really quick. Since receiving it I have been asked by dozens of people if the line is open from Portland to New York, and I venture to say when it is many messages will come in my way even from here over the lines to these cities as there is a number of W.U.T. messages sent and the rate is something awful compared with 50 words for 25 cents. Information regarding the advancement of "Telepost" lines will be greatly appreciated by me.

Yours very truly,

F. J. TOBIN, (Signed)

CHAS. M. COX CO.
711-714, CHAMBER OF COMMERCE BUILDING
BOSTON

Company, Boston, Mass.

Gentlemen - We shall continue to send Telegrams by Telepost to all points where your company has stations. We are very pleased with the service you

Yours truly,

(Signed) CHAS. M. COX CO.

NICHOLS CHANDELIER COMPANY
887 WABASH AVENUE
TERRE HAUTE, IND.

Oct. 5, 19

C. V. Bertsch, Mgr.

Telepost Co., Terre Haute, Ind.

Dear Sir - We have nothing but praise to give you for the efficiency of the service given by your Company.

Our experience of sending a 35-word telegram, to St. Charles, Illinois (a distance of about 225 miles) at 10 o'clock of receiving in reply a 25-word answer at 11:30 the same morning, and all this at a cost of 60 cents, is certainly the most satisfactory and economical experience we have ever had in using the telegraph for business purposes.

In addition, we understand that it was necessary to telephone this message from Aurora to St. Charles, your Company not having an office at St. Charles, and the answer returned by the same means, St. Charles to Aurora, and from there telegraphed to Terre Haute.

We only regret that your Company does not have facilities for doing business in a more extended field than at present and when your field of operation shall have widened, we shall certainly use your lines at all times when it shall be necessary to use the wires.

Yours truly,

Nichols Chandelier
John H. Nichols

CHN-L

Pres.

THE AMERICAN WELL WORKS
AURORA, ILL., U. S. A.

Telepost Company, Aurora, Illinois.

Mr. B. H. Arter, Mgr.

Dear Sir - We wish to say that all the business we have been able to give you has been handled to our satisfaction and we only wish it had been possible to have given you more.

Yours truly,

THE AMERICAN WELL WORKS

A. D. Hughes
John H. Nichols

THE FIRST TELEPOST STATION

THE remarkable success of the Telepost's practical service over its various lines has all doubt from the minds of the most sceptical that the Telepost will promptly displace old fashioned telegraphy wherever it is established, not only in this country but the system is incomparably superior in every respect to every other telegraphic service in the world.

The following are the stations and managers on the lines so far operating in the East and in the Middle West:

BOSTON, MASS. Louis Solomon, Manager	TELEPHONES
Elm Bldg., 61 Hanover St.	Haymarket 541
Chamber of Commerce Bldg.	Main 1688
27 State Street	Main 1439
Fish Wharf	Richmond 362
Crawford House	
Quincy House	
595 Washington Street	Oxford 3678
LOWELL, MASS. Miss B. M. Sutcliffe, Mgr.	Call 790
40 Central Street	
LAWRENCE, MASS. G. H. Patterson, Manager	
Bay State Bldg., cor. Essex & Lawrence Sts.	No number, call "Telepost"
HAVERHILL, MASS. George A. Smith, Mgr.	
200 Merrimack Street	No number, call "Telepost"
EXETER, N. H. G. W. Yeaton, Manager	
62 Water Street	
PORTSMOUTH, N. H. T. C. Leckey, Manager	
27 Congress Street	No number, call "Telepost"
DOVER, N. H. F. C. Stuart, Manager	
388 Central Avenue	No number, call "Telepost"
BIDDEFORD, MAINE. F. L. Malone, Manager	
214 Main Street	No number, call "Telepost"
PORTLAND, MAINE. B. H. Taylor, Manager	
28 Exchange Street	Call 420
ST. LOUIS, MO. Joseph Aldridge, Manager	
309 North 9th Street	Bell, Olive 884, Kinloch, Central 2735
SPRINGFIELD, ILL. Rudolph Mueller, Mgr.	
423 E. Monroe Street	Bell 1628, Inter State 368
SEDALIA, MO. S. H. Chaney, Manager	
505 South Ohio Avenue	Bell, Main 691, Home, Main 130
TERRE HAUTE, IND. C. V. Bertsch, Manager	
23 South Sixth Street	Bell, Main 770, Citizens 2626
INDIANAPOLIS, IND. Thomas E. Newson, Mgr.	
11 West Market Street	Bell, Main 6906, New 3219
CHICAGO, ILL. J. A. Breen, Manager	
261 La Salle Street	Harrison 6871

The company has established connections between a number of important cities not yet ready to open offices commercially, but these additions will be announced as the openings occur. Very soon there will be lines in operation in three more

TELEPOST COMPANY

1111 AVENUE, NEW YORK, N. Y. Union Trust Company Bldg., Washington

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NOT RETURNED TO THE LIBRARY ON
OR BEFORE THE LAST DATE STAMPED
BELOW. NON-RECEIPT OF OVERDUE
NOTICES DOES NOT EXEMPT THE
BORROWER FROM OVERDUE FEES.**

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